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CEMA Commission Looks at Legal Questions

LD301919 Prague Domestic Service in Czech 1500 GMT 30 Nov 87

[Text] The first session of the CEMA Standing Commission on legal questions began today in the Prague Hotel International. It will concern itself with perfecting the legal system of economic and scientific-technical cooperation of the council's member states. For example, it will evaluate proposals to amend general delivery conditions in CEMA. Also on the agenda are questions concerning the individual format of entering into agreements, their fulfillment, and the legal consequences of not fulfilling pledges between the council's member states. The commission will also evaluate experiences from the application of documents of the CEMA regulating scientific-technical cooperation.

CEMA-Finland Cooperation Session Ends

LD271311 Prague CTK in English 1250 GMT 27 Nov 87

[Text] Prague Nov 27 (CTK)—The 15th session of the Commission for Cooperation between the Council for Mutual Economic Assistance (CMEA) and Finland ended here today after assessing the results of its five working groups and confirming plans of work for the 1988-1989 period.

In addition to the results of the working groups for foreign trade, engineering, the chemical industry, transport and scientific-technological cooperation, the commission discussed the results of cooperation in statistics and standardization.

Of the recommendations made during the session, 29 concerned the conclusion of agreements on scientific-technological cooperation and 38 the exchange of information, experience and samples. All of them applied to cooperation between firms and organizations of the CMEA states and Finland.

A total of 115 agreements on scientific-technological and economic cooperation between bodies and enterprises of the CMEA states and Finland have been signed to date, 11 of them since the previous session of the commission. Of the 11, three concerned engineering, three the chemical industry, two transport and three scientific-technological cooperation.

The commission also discussed preparations for an international symposium, to be held in Moscow on May 17 and 18, 1988 on the 15th anniversary of the agreement on cooperation between the CMEA and Finland. The next regular session of the commission will take place in Helsinki next November.

Also today, Finnish Foreign Trade Minister Pertti Salolainen, who headed his country's delegation to the session, met with Czechoslovak Foreign Trade Minister Bohumil Urban to discuss Czechoslovak-Finnish cooperation and trade.

CEMA Commission Adopts Restructuring Measures

AU271949 Sofia BTA in English 1802 GMT 27 Nov 87

["CMEA: Active Cooperation in Ferrous Metallurgy"—BTA headline]

[Text] Sofia, November 27 (BTA)—The CMEA Standing Commission on Cooperation in the Field of the Iron and Steel Industry held its 70th meeting here between November 24 and 27 this year. It was attended by delegations of Bulgaria, Hungary, the GDR, Cuba, Poland, Romania, the Soviet Union, Czechoslovakia, as well as of Yugoslavia.

In fulfilment of the recommendations made at the latest session of the Council for Mutual Economic Assistance, the commission adopted measures for its restructuring. An emphasis is laid on intensive development based on a wider application of scientific and technological advances, of specialisation and cooperation.

The communique on the meeting says that metallurgy, mechanical engineering and construction should further reduce the metal-content of their products.

The commission coordinated a programme for the promotion of specialisation and cooperation-based production of bottleneck metal products in the 1991-1995 period and in the following ten years.

The panel also considered the results from the organisation of cooperation-based production of automation equipment and control systems and the measures taken to improve the quality of railway track.

The commission discussed a number of other questions concerning the members' economic and techno-scientific cooperation and adopted the appropriate decisions.

U.S.-Soviet Missile Accord Hailed
AU271707 Sofia RABOTNICHESKO DELO in Bulgarian 26 Nov 87 p 5

[Unattributed commentary: "Agreement—A Portent"]

[Text] A first beginning—that is what we will call the agreement reached by Eduard Shevardnadze and George Shultz, the leaders of Soviet and U.S. diplomacy, on the shore of Lake Geneva.

A first beginning for world nuclear disarmament and for liberating the earth from the burden of nuclear death, and an end to weapons, force, and wars. A first beginning also for the future world of reason and understanding, of common concern for the fate of each and every creature on this, the only planet in the universe with humans.

The path toward this agreement was long and hard. Let us recall the meetings and talks between the Soviet leaders and the U.S. secretary of state in April this year, the similar talks in Washington in September, and George Shultz' talks in Moscow with the general secretary of the CPSU Central Committee and with the USSR foreign minister. How many complex problems, how many difficult obstacles, and how much intense effort was involved in the path that has been covered. It all began in Geneva with the historic meeting between the top leaders of the USSR and the United States, Mikhail Gorbachev and Ronald Reagan, and then passed through Reykjavik and the above-mentioned complex negotiations, to bring us to the forthcoming triumphal registration of the document of the first agreement in mankind's history on the elimination of two classes of nuclear weapons during the coming official visit by the general secretary of the CPSU Central Committee to the United States.

This document is important in itself and will have great practical consequences for European security, but in addition it possesses a portentous significance because following the end of the most destructive world war, and decades of a feverish, insane nuclear arms race that was inevitably leading toward even more destructive nuclear ruin, for the first time mankind will witness an unprecedented event: The two greatest nuclear powers are making a start at eliminating the most horrifying weapons.

Chance has made the coming 7 December a day of deep significance. On this same day in the past, the U.S. Navy was destroyed in Pearl Harbor by the treacherous attack of the Japanese militarists. At the time, America in despair called this the "Day of Infamy." Our Soviet and American colleagues have already forecast that now this day can already be called the "Day of Hope"— of hope that after the decades of the cold war, of bilateral and multilateral military confrontation, and of the splitting of the world into two opposing enemy camps, now the day of triumph of the new political thinking is drawing near. This day marks the beginning of understanding between two great peoples, the beginning of their efforts to seek common paths for all peoples and to put a stop to the wars that can no longer be other means of implementing anyone's policy. And of hope for joint efforts to solve the global problems that confront billions of people: hunger and disease, and deprivation of land and room to breathe, and of law and spirituality.

It is also a day of hope because it can and must lay the basis for a lasting cessation of local and regional wars and conflicts, for improving the international atmosphere, and for establishing the all-embracing system of world security proposed by the Soviet Union and its socialist allies.

And, what still remains of this beginning is to continue the process of finally abandoning nuclear madness, so that as early as next year, during the official visit by U.S. President Ronald Reagan to the Soviet Union, congratulate ourselves on a new Soviet-U.S. agreement to reduce by one-half the most terrible weapons, namely strategic nuclear arms. Moreover, we want to say at the end of the century, at mankind's entry into the next millenium, something we have thirsted and suffered so much to be able to say: "Farewell to weapons! And farewell for all time!"

Aleksandrov Departs for PCF Congress
AU301653 Sofia Domestic Service in Bulgarian 1600 GMT 30 Nov 87

[Text] A BCP delegation, headed by Comrade Chudomir Aleksandrov, member of the BCP Central Committee Politburo and chairman of the BCP Central Committee, departed for Paris today to attend the 26th Congress of the French Communist Party [PCF].

Zambia's Kaunda on Stopover; Holds Talks
AU291745 Sofia BTA in English 1622 GMT 29 Nov 87

[Text] Sofia, Nov 29 (BTA)—The airplane carrying Dr Kenneth David Kaunda, president of the Republic of Zambia and president of the United National Independence Party (UNIP), made a technical landing at Sofia airport. The distinguished guest and his party were welcomed by Mr Milko Balev, Politburo member and secretary of the CC of the BCP. During the stopover, Mr Milko Balev briefed Dr Kaunda on the tasks which Bulgaria fulfills in the process of restructuring and innovation. The sides exchanged views on the further activation of bilateral relations.

Later in the day, Dr Kenneth Kaunda and his party left Bulgaria. They were seen off by Mr Milko Balev.

Kozloduy Nuclear Plant Reactor Activated
AU291851 Sofia BTA in English 1842 GMT 29 Nov 87

[Text] Sofia, Nov 29 (BTA)—Today the first 1,000-megawatt turbine outside the Soviet Union went into operation at the Kozloduy Nuclear Power Plant on the Danube.

One hour after the switch-on, the turbine reached its maximum speed. If the generator regulation and excitation systems perform well enough to satisfy the power engineers checking and testing them now, they will go ahead tonight with the most important part of the start-up: the parallel circuiting of the generator to the national power grid.

Zhivkov Speech at 13 Nov CC Plenum
AU240601 Sofia RABOTNICHESKO DELO in Bulgarian 20 Nov 87 pp 1-5

["Some Practical Measures and Approaches Toward Further Implementing the Decisions of the July 1987 BCP Central Committee Plenum"—Report by Todor Zhivkov, BCP Central Committee general secretary and chairman of the State Council, at the BCP Central Committee plenum in Sofia on 13 November; boldface passages as published]

[Text] Comrades,

As you know we are conducting a lively discussion on what we must undertake further in order to implement the restructuring that has been planned and to put into effect our views on further developing socialism in Bulgaria in the spirit of the July Plenum.

—We adopted several practical measures in this respect.

—We formed commissions which will specify the issues in various areas and will propose solutions.

—In order to mobilize the collective brain we have conceived our work on a broad front.

Now our entire political and organizational work is taking place under the sign of the July Plenum of the BCP Central Committee. The implementation of its decisions has become our daily practice.

Obviously, in future we shall continue to refer to these decisions in the Politburo, the Secretariat, and the meetings of the Central Committee.

Throughout our work we must draw the balance of the implementation of the plenum's decisions and specify our forthcoming tasks. This is so mainly because we are aware of the fact that the implementation of these decisions will not be a single act but a process, and a continuous one at that.

In this context we shall continue to devote special attention to the issue of selecting the practical approaches toward implementing the decisions of the July Plenum.

I am convinced that each of us understands that in this case we are not dealing with a routine script for organizing the work related to implementing the decisions of a plenum.

It is well known that after every party congress or Central Committee plenum we adopt a program implementing their decisions. I would like to stress once again that with the July Plenum the case is different.

I think that we all are unanimous in our evaluation of the BCP Central Committee July Plenum:

—as a remarkable party forum and an exceptionally important political event;

—and as an unusual plenum in everything related to its contents, spirit, and the depth of its decisions.

What is the significance of the July Plenum for the country's development? Naturally, only time and the test of practice can give a comprehensive and extremely clear answer to this question. We would not like to forestall this answer.

—However, we do not need the distance of time in order to see and evaluate that the July Plenum was the answer to vitally important questions that affect our entire people and society.

—**The July plenum was literally an absolutely vital plenum.** We had to hold such a plenum. Therefore the fact that the plenum discussion and decisions produced a certain **excitement** and became an **experience** both for its participants and for our public, is hardly accidental.

—The July Plenum **clearly, honestly, and frankly posed** these issues, **without underestimating the successes, but also without concealing the weaknesses and shortcomings.**

—All this played an important role in introducing the **necessary clarity** among the people and the party, in order to **remove the inevitable tension** that would have appeared had we left these issues without an answer.

—The plenum became a big school for us.

As you know we reached the conclusion about the necessity of restructuring at the 13th BCP Congress, when we formulated the new strategic course toward further implementing the April line—**the course of a new qualitative growth.** This is a course which will be implemented in all areas and directions and over a long period of time, as I already noted.

We are working on the new issues together with comrades from the other socialist countries, and first of all with the USSR. Our party duly and highly evaluated and stressed the historical importance of the CPSU course of comprehensively restructuring the Soviet society.

—I would like to stress once again the **principled coincidence** of the goals, tasks, and directions of restructuring, which is taking place in Bulgaria and the USSR. This is a conclusion which was emphatically stressed at the recent meeting with Comrade Mikhail Gorbachev.

I would like to recall that we view the decisions of the July Plenum as an open system. No decision of this plenum is permanently fixed. In the course of our practical work these decisions will undoubtedly further develop, be enriched, and become more specific. Our present plenum will also contribute to this process.

Taking all this into consideration, as well as the importance of the issues, I would like to present again certain considerations which we shall be **comprehensively** discussing at the Central Committee.

More specifically, I shall dwell on the issue of **what we have achieved and what we still have to do.**

I. A Short Balance, and the Practical Work We Are Facing.

Our continuous searches in theory and practice **culminated in developing the new model of further constructing socialism in the People's Republic of Bulgaria.**

—With this model **we outline the basic trends of our further development and the elevation of our society to a new qualitative state.**

Consequently, the fact that we are restructuring all areas of life is an important characteristic of this model. This is a **crucial turning point,** which requires changes in the very essence of socialism, and not only changes in the forms, effects, and phenomena, in which this essence manifests itself. **This is the main and new characteristic of restructuring.**

The concept approved by the July Plenum addressed itself to this principled issue. Thus, what we mean is a concept beyond the traditional meaning of this word.

—What we needed was not some kind of elaboration, but a **new vision, new understanding, and new thinking** related to further constructing socialism in Bulgaria. This is a **crucial issue** of our development.

—This task could be successfully solved relying so to say on the objective laws, specified in principles, which have been developed to the state of a comprehensive concept.

This concept encompasses the general framework of our society and its structure and the manner in which it will function and develop in the new stage. Naturally, this has not been done in detail but from the viewpoint of what is necessary and logical.

—I shall stress again: The model we adopted relates to socialist society in Bulgaria. We do not want to create a general model of socialism.

—As far as the essence of this model is concerned, I would like to point out that it has nothing to do with the attempts of certain "reformers" of socialism to create "models," which do not take into consideration the natural laws and principles of the new society.

As until now, we develop and solve these issues on the basis of Marxism-Leninism and by taking into consideration the experience of socialist construction in Bulgaria and in other countries.

What are the main and decisive factors?

The main and decisive factor is to put into effect, upon the basis of Marxism-Leninism, such a model, which takes into consideration:

—the objective social **natural laws**, which are emerging in our country at the present stage;

—**the principles of socialism,** which spring from these natural laws and which are a direct guidance of action;

—our **communist ideals;**

—and such **norms** and **practical approaches** which ensure the successful course of restructuring.

The period after the BCP Central Committee July Plenum is a very short one.

However, it was **exceptionally dynamic,** and exceptionally intensive work developed.

—We began **structural changes, mainly in the political sphere.**

—**Major changes** were made in the **Council of Ministers.**
—We closed down the previously existing councils at the Council of Ministers. We eliminated several ministries. We began to construct a **uniform general staff of the state,** by integrating the activity of many of the previously existing organs.

—We conducted a restructuring of the country's **territorial division.** We created **the oblasts** as organs of the self-managing municipalities.

—**We established provisional leaderships** of the party Oblast Committees and the Oblast People's Executive Councils.

—We adopted a decision on some **attributes of the government,** which were greeted with great understanding and satisfaction by the working people.

—We eliminated the **political privileges** in admitting students to higher educational establishments, and so forth.

In conclusion we can say: **everything we did in this short period of time was subjected to the main issue and the leading theme** of our concept—**the transition from government in the name of the people to government by the people.**

—This of course does not mean that we have changed the character of the government or that we have created some government whose class essence is different.

From the Marxist point of view the government—whether feudal, capitalistic, or socialist—is always a class phenomenon which reflects the interests of the ruling class.

By conducting a deep restructuring of the entire public organism we naturally **do not change the character of our government.**

—This is **the government of the workers' class and the working people, which facilitates the further construction of socialism.**

—**We are implementing profound changes in the political system, based on the principles of socialist self-government** in order to ensure a better expression of the energy, creativity, and initiative of the workers' class, the agricultural workers, and the people's intelligentsia in our country.

Evaluating the state of things in our country and what has been done after the July Plenum we see that we are in **the very beginning of the restructuring and of creating the self-managing society.**

I understand well the impatience of some comrades who would like to see the visions of the July Plenum fully and expeditiously implemented.

—However, we must be realists. We are not dealing with a sporadic task or a short-term process. We are dealing with a complex and fateful cause, and with a large-scale historical task.

—All this cannot be suddenly implemented. **We need a long time for the comprehensive implementation of this concept.**

—This must be extremely clear to us.

—**We are just about to begin the large-scale development of restructuring.**

However, this means in no way that we must protract and postpone the solution of the **urgent problems.** It is necessary to **distinguish** between the comprehensive implementation of the concept and the initial stage of restructuring, which we have undertaken. **The present stage requires that we implement many important practical undertakings,** connected with the application of self-management and with the functioning and development of the separate spheres in accordance with the requirements of the objective laws and especially the law of the value.

Actually, we have created the framework of the new structures in accordance with the principles of self-management, consistently solving the problems both in the society's basis and superstructure. We were led by the requirement to accelerate the creation of these structures because:

—we are struggling against time;

—simultaneously, we note the specific characteristics of the transition we are experiencing;

—the regular party accountability-election campaign is under way;

—elections for municipal and oblast people's councils will take place;

—**plan tasks are to be implemented along with the changes.**

We are practically concluding the construction of the new organizational-economic structures in the **economy.**

—We must solve the problems of **domestic trade, economic tourism, and agriculture.**

—We must solve the issue of the structures of the **legal and intellectual spheres.**

We already have new structures in the labor collectives and the population's territorial communities.

However, the establishment of structures is in its very **beginning.**

Why?

Because the majority of the structures, which are already functioning in the economy, have been formed in a **purposeful manner** with the active participation of the competent organs.

Such an approach was also applied toward the associations, the economic trusts, and the forming of the oblasts.

The important factor is that this approach naturally leads us toward the root of things: toward the essence and contents of the new structures.

It is well known that the form and contents are in a dialectic unity.

—This unity is achieved gradually, according to stages. It is a process.

—By creating new forms and filling them with a new content we simultaneously **preserve for a certain period some of the previous forms** in economy, and in other spheres.

This is only natural. We cannot eliminate all old forms with one stroke, remove the conditions and factors upon which they have existed, and isolate their influence.

—On the other hand, while we create new forms we note that **in some of them—for a while—the old contents will continue to exist along with the new one.** This is an objective process. **The important thing is that the new factors constantly strengthen, enrich themselves, and consolidate. Therefore we are acting correctly in not forcing the things, but tasking ourselves with advancing toward new forms, which are to be gradually filled with contents.**

Thus we create conditions of **their functioning and development** according to our goals.

At this stage the filling of the structures with new contents is being mainly expressed:

by placing the socialist property, through a system of treaties, in the hands of the labor collectives and the territorial communities for management and administration, something which is being implemented now;

—by the economic mechanism, which we are now developing, which will be activated next year, and which includes the adoption of some changes in the wholesale prices and in the system of wages within the framework of the 5-Year Plan.

It is on this basis that we must begin **an attack along the entire front:** production, the extraproductional sphere, the mass media, and so forth.

With the new model of socialism we pose ourselves the task of conducting **profound changes in all units of our social organism in order to bring the political system to conform to the activity of the objective natural laws of socialist development in accordance with the new historical realities.**

Therefore the most important issue is to turn self-management into a principle which will integrate all structures of the socialist society.

What do I mean?

The new structures, especially in the economy, are acting at present mainly as organizational forms.

—Now we must turn them into self-managing social communities.

—The main thing now is to conduct a profound and complete restructuring in those areas where the self-managing communities are functioning—in production, in the populated places, where the self-activity of the people is being developed through their organizations, associations, and other forms of expression.

Only after we construct these communities shall we have the **reliable support** of the organs of self-management, which will constantly have them under control, supervising how they exercise their functions, rights, obligations, and responsibilities.

At the present stage we can speak about **two basic social communities in our society:**

—the labor collective;

—and the territorial community of the population.

What I mean is communities of people, or in other words, such organs of management, in which the members of the communities and their representatives are taking the most active part. The social community implements not only economic, but also social, intellectual, political, and other functions, in other words, everything which relates to forming, expressing, and developing its members.

—This presupposes the adoption of the necessary political, economic, ideological, and other measures, so that the *social communities can function and develop as uniform social organisms, and cooperate in the most effective manner.*

What does all this additionally require?

First, to consistently apply the principle of self-management at all levels and in all spheres and units of our society.

Second, to saturate the new type of structures with new contents and consistently turn them into full-fledged self-managing social communities.

Third, to conduct profound changes in all layers of the political system.

—First of all we must conduct the party accountability-election campaign on the necessary level, strengthen the party's cadre-municipality committees, and form the party's Oblast Committees through elections.

—The other changes, marked by the July Plenum must be conducted at a later stage, in a careful and well-conceived manner, in order to avoid difficulties in our development.

What is the main factor in this area?

The most essential element here is to stress not the creation of other organizational forms, but the gradual forming of the social communities, in which the people will satisfy their needs and interests, and in which they will be united by uniform political, intellectual, psychological, moral, and other views and values.

Fourth, the Leninist principle of democratic centralism will be the guiding principle under the conditions of self-management. However, it will be applied in a new manner.

What does it mean?

This means **to advance from the former administrative-bureaucratic centralism toward a real combination of democracy and centralism** in all areas and levels of social life.

There are several questions in this area:

1. **Under the new conditions the premise of the "higher" and "lower" organs changes by 180 degrees.**

—This is so because the organs of self-management of the labor collectives and municipalities acquire rights and responsibilities which until now were the prerogatives of the "higher" organs.

2. **As a result of this a new type of relations and mutual contacts** emerge among the separate units of the government.

—Self-management leads to essential changes in the former organizational relations of democratic centralism. This is so because this principle is being applied under the conditions of a new hierarchy of the government.

—This is no longer the previous single-directional hierarchy.

—The new type of hierarchy is two-directional: if in one aspect the "higher" organs depend on the organs of the lower level, in other aspects precisely the opposite is evident.

3. Giving many new rights and responsibilities to the labor collectives and municipalities the higher echelon **will focus its attention in the future on ensuring the strategic planning and leadership of the state.**

—We cannot march forward without a state strategy and a uniform strategic planning of the development of the comprehensive social organism.

4. **We shall also have a governing apparatus in the future.**

—It is impossible to function without a servicing apparatus. Anything else will be a utopia.

It is important that the apparatus:

—implements the decisions and instructions of the elected organs, and that it is competent and trim;

—in its formation is broadly based on the **competitive principle.** 5. **Despite all this, is there a danger of creating a bureaucracy of self-management?**

Yes, there undoubtedly is such a danger.

Consequently, we need **mechanisms, which do not allow the bureaucratization of the government and more specifically, of the apparatus.**

—We have already activated some of these mechanisms. Another issue is whether these mechanisms are being correctly utilized, in accordance with their predestination.

—Here I mean first of all **the principle of electing** the collective organs.

However, this principle is insufficient. What is necessary is a mechanism, which **places the composition and work of the apparatus in a direct dependence on the material interests of the relevant social community.**

—We must further act so that **every social community will be materially interested in creating a small but effective administrative apparatus.**

Obviously, **other mechanisms will also be needed.** I mean mechanisms of self-control, control, accountability, and so forth, **through which the mapped out changes will be implemented on the basis of democratic centralism.**

6. The issue on which I shall now dwell requires special attention. **I mean the application of the principle of democratic centralism in the enterprises, trusts, and associations.**

In all these units democratic centralism will be implemented **on the basis of contracts.**

—Instead of the previous administrative-order system a new **contract system** will be activated, which will clearly assert the rights, obligations, and responsibilities **of all**—collectives, the self-management organs, and the leaders of the separate units (enterprises, trusts, and associations).

Thus the role of the collectives and the leaders at all levels will be decisively increased.

—The contracts determine the rights, obligations, and responsibilities of the director vis-a-vis the labor collective, and of the labor collective vis-a-vis the director.

—The leaders of the enterprises, as spokesmen for the state interest, will further have rights and obligations, which under no pretext can be violated through the relations established by the contract.

It is on this basis that we shall strengthen the authority of the leader and shall further assert the principle of one-man command.

—The elections, which we conducted last year, showed that at some places the labor collectives tend to propose the candidacy of people, who lack the necessary qualities.

In order to protect ourselves from such "children's diseases" of self-management it is perhaps purposeful that at the present stage the leaders **will be elected by the labor collectives, but they will be appointed with the consent of the competent organs.**

—In addition, in future cases of voting, the principle of the simple majority is to be adopted. In other words, the candidate who receives the votes of half of the attending members or representatives of the respective collective, plus one, must be considered as elected.

In conclusion I would like to stress: **self-management strengthens democratic centralism by elevating the role of both the state principle, and the labor collectives, collective organs of self-management, leaders, and millions of our people, on the basis of their rights, obligations, and responsibilities.**

What are the direct **practical measures** which are forthcoming in view of everything which has been said so far?

First. To place the property in the hands of the labor collectives, enterprises, scientific institutes, cultural sphere, and so forth, **for management and administration,** on the basis of the rights, obligations, responsibilities, **and voluntary forming** of all collectives in the areas of production, intellectual life, and so forth.

—The same applies to turning the municipality into the basic self-managing community of the population.

Second. We are about to complete the comprehensive preparation of the economic mechanism and its respective normative basis as the main precondition of the functioning and development of the social communities (the labor collectives, territorial units, and, first of all, the municipalities.)

Third. We are about to complete the restructuring of the higher echelon and the public organizations.

This means:

—to place the socialist government from the top to the bottom and from the bottom to the top on the principle of self-management;

—to turn the working people into a real subject of government.

II. On Placing Socialist Property in the Hands of the Labor Collectives and on Its Further Development and Enrichment.

In principle, the issue of the forms of socialist property and their coalescing has been outlined in the materials of the July Plenum.

We all know very well about the great and decisive role in developing socialist society, which the production capacities and production relations **in their dialectic unity,** are playing.

—The scientists are still debating the issue of **what is the main contradiction of** socialism—whether it is the contradiction between the production capacities and production relations, or something else.

—Let the scientists continue to discuss and clarify these theoretical issues.

However, one thing is clear:

—we must perfect socialist production relations in order to ensure ever growing space for developing the production capacities.

It is namely because of this that the concept and the materials, which we will discuss, devote such a central place to socialist property.

For us, for the party, and for the destiny of the Socialist Republic of Bulgaria, the issues are concretely posed in the following manner:

—What is to be changed in the production relations in order to achieve a new qualitative state of socialism?

—What is the unit, which objectively is the motor both of the production capacities and the production relations?

—Perhaps some scientists and specialists will reproach me if I separate property from the other elements of the production relations in our country.

—Indeed, property cannot be viewed separately from the production relations as a whole.

—Therefore we do not separate it but view it **as the core of the production relations.**

There is not and cannot be any discussion of this matter. **This property is the foundation of our social system,** on which the development of the entire system of the production, and in general all social relations, depend, both in the basis and in the superstructure.

Consequently, the socialist property is the main problem related to the contradiction between the production capacities and the production relations.

What is the situation in our country?

—During the years of socialist construction we ensured the indivisible control over the state property in our country.

—This is a major historical result.

—In addition we adopted measures related to improving this property.

However we conceived the importance of this property as an absolute value.

—It is well known that in Bulgaria, the USSR, and the other socialist countries we used to divide the socialist property in to state and cooperative property.

—Simultaneously we underestimated the cooperative property.

—We even went as far as conceiving the premise that the cooperative property must be elevated to the level of state property at an accelerated pace.

—True, we used to speak about merging these two forms of property, but in fact we strived to turn the collective property into state property.

This inevitably led toward alienating the state socialist property from the working people and the labor collective in the economy and in other spheres, and toward alienating their interests.

—Because of the same reason we treated socialist property to a certain degree as **anonymous or nobody's property.**

Those are the facts. No matter how bitter they were we had to draw all ensuing conclusions in order to reach the source of the matters.

This was so because the alienation of the working people from the property produced many questions:

—economic questions;

—social questions;

—ideological questions, and so forth.

I must point out that the alienation of the property affected not only the development of the production capacities and the interests of the working people.

—No less important is the fact that this caused **the alienation of some government organs from the people.**

—This is logical.

—Under those conditions the government was viewed as a subject of socialist property. The organs of this government began to function anonymously, alienating themselves from the people.

All this had to produce negative phenomena and deformations in the separate spheres.

What are the new elements in the elaboration of the issue of socialist property in our country, which we are proposing?

The new elements are as follows:

First. We stress that the socialist property is uniform and indivisible.

—It exists in various forms—state property; cooperative property; municipal, group, and personal property, divided on the basis of normative documents; and so forth.

—Now we decisively object to presenting these forms as opposing each other, because **in their essence they all are socialist property.**

—We do not artificially divide them into state, cooperative, municipal property, and so forth, and do not consider the state property as superior to the rest.

—We do not say anymore: here is the socialist property, while that over there is the cooperative property and the group property, or in other words, the property of various associations or property placed in the hands of citizens and families.

I repeat: for us, socialist property is indivisible. It allows a place for existence, emulation, and increasing the efficiency in developing and utilizing each of the property's forms.

—The postulate about uniform property is exceptionally important. It has been **very categorically** promoted both at the July plenum and in the present practical elaboration.

—What follows from this postulate is that **we must develop all forms of socialist property in Bulgaria,** and give priority to that form, which will produce the best effect under the specific conditions.

All these forms are the foundation of socialism at the present stage, and facilitate its development.

—It is necessary to change the matters in such a manner that every worker will live with a specific awareness, and will say: The public property is my own—this is my plant, this is my workshop, this is my brigade, this is my village, this is my municipality, and so forth. **All this requires that in the process of enriching and diversifying the forms of socialist property, conditions are created for**

a real emulation among them. Achieving a most complete economic and social implementation of the socialist property, in its various forms, must be the criterion of evaluation.

I would like to stress again: **regardless of the property's form—state, cooperative, municipal, individual-management, and so forth, all this in its essence is socialist property; we mean the uniform socialist property.**

—Nobody has any grounds of finding differences in these forms. They are all important for the development of socialism in our country.

—The main factor is to activate these forms in such a manner, that they mobilize the strongest and most appropriate motivation mechanisms in the self-managing social communities, and facilitate the manifestation of the historical advantages of socialism.

Therefore, that section of the party concept, which deals with the issue of **economic relations of a new quality and developing the social energy of the society** devoted such a central place to the placing of the socialist property in the hands of the labor collectives and to its further development and enriching.

In that section it is said that:

—that the socialist property is the "most sacred" factor of our system;

—that with the change in the core of production relations—property relations, we shall facilitate the new division of government, rights, obligations, and responsibilities, and will elevate socialist democracy to a new level, on the basis of self-management;

—that in this manner we shall mobilize the most powerful motivating force of human behavior—**the economic interests**—as the moving force of social development.

Those are not merely theoretical premises and abstract construction, which we invest in the model of our development. This is a vital truth, tested by our experience.

In this context I would like **to specify something.**

In our previous elaborations we considered the situation in which the state was the owner by commission of the people, and that the state expresses the entire people's interests in developing socialist property. Simultaneously, we also considered the fact that the people, united in labor collectives and in other socialist communities, which function on the basis of this property, subsequently are its owners.

This is so.

—Now, when we place socialist property under the management of the labor collectives, we are moving forward.

The collective, wherever it functions—in the industry, agriculture, science, health protection, and in all other spheres—cannot fully act as a manager, and simultaneously think about enriching the socialist property, **if it does not receive the respective functions related to managing this property.**

—In the practical aspect this means for instance that the labor collective will be able to form its own investment funds; to participate with the property which has been placed in their hands, in the creation of joint enterprises with other organizations, including those outside Bulgaria's borders; and so forth.

What are the more specific questions in this area?

1. We must unconditionally move **many of the functions related to managing and administrating the socialist property, which until now were performed by the state, from the bottom to the foundation of the social pyramid.**

I do not mean to underestimate or belittle the role of the higher echelon, and the strategic management of the economy and society's entire life.

What I mean is to redistribute the functions in accordance with the rights, responsibilities, and obligations of every echelon, so that it can fully implement its tasks.

—The **labor collectives and municipalities** receive functions, which allow them to develop themselves as vital social communities.

—The **associations** receive functions related to developing uniform technological, market, and social policy, and coordination in this area on the basis of their members' common interest and activity. **The associations must also work out the strategy of developing the respective production complexes.** This must be done with the assistance of the trusts and enterprises encompassed in the associations, and in cooperation with the Ministry of Economy and Planning.

—As far as developing the **strategy of planning at the national level** is concerned—this is the irrevocable right and responsibility of the higher echelon—the Council of Ministers and its organs.

—Therefore, we now devote much care and attention to strengthening the higher echelon for reaching a new quality and efficiency of our work. The role of the recently created Ministry of Economy and Planning is especially important in this aspect.

The new element is that **the functions of the higher echelon will be implemented on the basis of the state commissions and the economic regulating factors,** with

the levers of the prices, the credit mechanism, the tax system, and the normatives of applying all these factors, on the basis of the dialogue in planning, and so forth.

The main factor of our plan is to **turn the objects of the socialist property into the material support and source to develop the collectives; and to facilitate the expression of their will, as well as the activity of every member of the collective as a worker, creator, and consumer; and to combine the public, collective, and individual interests.**

Consequently we do not aim merely at proclaiming the people engaged in production, the health institutes, other institutes, and so forth as managers. The issue is to manage and administrate the objects, whose managers are the collectives, in such a manner which will ensure:

—conditions of introducing the economic accountability;

—better results of a certain activity;

—their most harmonious utilization for the reproduction of the self-managing units, while considering the needs of society;

—the optimal combination of the growing possibilities of solving the social tasks.

As you see placing socialist property under the management and administration of the labor collectives **is not a solemn single act.**

This is a deeply-social process, because it affects and will affect each and everyone, the work, the destiny of millions of people, and the future and present of socialism in our country.

It is hardly accidental that the preparation for placing the socialist property in the hands of the labor collectives excited the labor collectives and the party and state organs. The main questions are **how will this happen, what will it cause,** what obligations will be assumed, what will be placed under the management of the collectives, are they ready for this, and who will be responsible for the present state of some objects of the socialist construction?

—Of course, there are some manifestations of skepticism and a formal attitude.

In this context I would like to repeat what I have already said on other occasions. We must see the basic factors behind the facts and the separate issues, and direct the processes toward the correct direction.

Big and small problems and weaknesses will continue to exist, and new ones will emerge. We must not underestimate them.

—The people now need, more than ever, the clear understanding that not everything must be evaluated from the position of the transitory state, the transitory interest, or the current problem of a certain production unit.

—The contracts which will place socialist property under the management of the labor collectives, cannot contain and fix every single detail. **However, if they do not contain the main factors, they will turn into dead paper.**

In general the dynamics of the processes must be examine while they develop. The dialectic of their mutual relations in everything pertaining to the rights of responsibilities of both sides—the one which gives the property and the one which receives it for management and administration—must be clarified.

I would like to explicitly stress: **the placing of the socialist property under the management and administration of the labor collectives is an issue, which has an exceptional importance at the present stage of our country's development. It is a key issue of restructuring, which has brightly expressed economic, political, ideological, and educational aspects.**

—The placing of socialist property under the management and administration of the labor collectives **must become an original referendum** in everything related to BCP policy of implementing the decisions of the Central Committee July Plenum.

—It must turn into a real **political and economic school** both for those who receive the property and for those who are relinquishing the property. It must turn into a **school for the millions of working people,** regardless of their area of work.

—This is so because we are not dealing with a simple transfer of property, but because something **much more important is involved: giving the collectives the respective rights and responsibilities related to further and effectively managing and administrating the property in the interest of society, the collective, and every member of the collective.**

Therefore **we must approach** the placing of socialist property under the management and administration of the labor collectives **very carefully, after through preparation, and with a high sense of responsibility.**

In this context it is useful to clarify the question of **what the contract** on placing socialist property under the management and administration of the labor collectives **represents, what character** it will have, and what its **contents** will be.

It is also important to clarify **how we shall practically solve the issues of distributing the functions related to managing the objects of property, within the framework of every collective.**

There should not be any prescriptions about how many and what functions should be given to every unit and primary collective.

Everything must be solved in a specific manner:

—according to the state of the objects of socialist property;

—the character of the production-economic activity;

—the possibilities of the primary labor collectives;

—the requirement to coalesce best the rights, obligations, and responsibilities at the various levels.

3. [number as published] It is especially important to correctly determine the **scope of the functions related to managing the property, which has been placed in the hands of the labor collective, with the view toward developing the collective's will and possibilities as a manager.**

—I mean functions which assist the labor collective in developing itself as an investor, producer of material and intellectual values, and creator of social conditions of their own expanded reproduction—both independently or together with other social communities.

In general, the processes related to expanding the functions of managing socialist property at the bottom of the pyramid, will be dictated by the real conditions and the change in these conditions.

The labor collectives in the enterprises, the agricultural brigades, and the population in the municipalities, have yet to begin their real roles as managers, and subjects of administrating socialist property.

—This is a process which will develop **gradually** and will be implemented according to the degree of readiness of the separate labor collectives.

4. As I stressed, the development of socialist property will be coordinated and guided in the future according to the interests of society and through **the state plan, state commissions, and mainly through the economic regulating factors.**

They must create the appropriate economic climate for the activity of the self-managing organizations and the labor collectives as managers, in accordance with our national needs.

Of course this does not revoke the need for further **state commissions** in natural measurement units, mainly for products of extreme strategic importance for the national economy.

—There will also be on the part of the **oblasts and municipalities.** However, the main factor is that all those commissions will be contracted and implemented on the basis of the economic regulating factors.

—At this time the state influence must be directed toward overcoming some difficulties and problems in the area of **the material-technical supply,** and more specifically, toward balancing the raw materials and other materials at the national level.

We need a mechanism which compels, pushes, and stimulates in every social community such a development of property relations, which:

—will lead toward the best and most effective utilization of the property;

—will ensure the selection of the most progressive forms of the socialist property and will combine these forms' possibilities in this respect.

In this context, and with the view of developing the socialist property, it is especially important for us, for the entire society, and for the members of every social community to clearly understand the following issue:

The objects of socialist property will be handed over precisely as they are—as production capacities, technological levels, and quality indexes.

Any other solution is unacceptable!

The important thing is to correctly note this situation and have a correct picture of the appropriate **correct division** of the rights, responsibilities, and obligations between the state and the labor collectives.

—The implementation of these rights, responsibilities, will take place through the economic mechanism.

This imposes the following conclusions:

In the first place, clearly and specifically, the state of the objects of the socialist property, which will be placed in the hands of the collectives, is to be evaluated, as well as the obligations related to their maintenance, use, reconstruction, and so forth.

—I do not mean an evaluation on the paper, which has been formulated in the reports, but a real evaluation of the production funds, stock, buildings, equipment, projects under construction, and so forth.

I mean obligations in the form of credits and interest related to these credits, including the foreign currency obligations.

Obviously, **we must not allow the mechanical "transfer" of the property with all the accumulated problems.**

—The enterprise, for example, must clearly know: which obligations will be assumed by the labor collective, and which will be remitted by the state.

—On these issues there must exist clear programs with precise terms and obligations, incorporated in the contracts on placing the socialist property in the hands of the labor collectives.

In the second place, naturally, some objects of socialist property (materials, equipment, stocks) will be taken out of the economic turnover in order to reevaluate and redirect them, according to their usefulness, toward other commodity producers, or simply, discard them.

However, we must not get carried away in this area. Everything, which can be used, must be fully used. It is important to correctly evaluate its consumer value and possibilities as a production factor.

—This issue must also be solved in the process of the dialogue, through the contracts on placing the socialist property in the hands of the labor collectives.

In the third place, it is necessary, through these contracts and levers, to guarantee to the economic mechanism **the most effective use of all production factors:** the means and subjects of labor, and the human labor itself in every labor collective.

In this context we must create and apply an appropriate **tax system, which will tax:**

—the basic production funds;

—the turnover means;

—the labor power engaged in certain production.

This tax system will stimulate:

—the most effective utilization of the objects of the socialist property;

—accelerating the means' turnover;

—developing technological progress;

—increasing the social productivity of labor and perfecting its organization.

In the fourth place, but not in importance, we must take into consideration that the placing of socialist property under the management and administration of the labor collectives must take place under such organizational-production and economic conditions, which will allow the collectives to act as vital communities.

—In short: we need such changes in the organization, technology, supply, and the basic and auxiliary activities, which will allow the production collectives and the other units to optimally grasp their new functions and tasks.

—On the other hand, this must impose to a certain degree the "reshaping" of the forms of labor organization, the organizational-management structures, and relations among the labor collectives—both within and outside the self-managing unit.

The main thing is to note these requirements in a complex form, with the view of producing the best organization and regime of utilizing the objects of the socialist property, by combining the interests of the people in constructing the most appropriate collective.

—The forming of such a collective must take place in a voluntary manner, by searching for the most strongly motivating mechanism, which can unite the collective members as managers.

In this area we must conduct specific work with the people and give them comprehensive assistance, so that they can best orient themselves and simultaneously, with their proposals, make a maximum contribution to solving the issue.

—The work must be conducted so that the workers and the entire working people will really feel themselves as full-fledged and equal individuals in the process of receiving socialist property.

Some considerations about socialist property's subjects of management.

The party concept only notes this issue. This concept develops in greater detail the issues of the subjects of the economic activity.

If we accept the fact that the labor collective as sovereign manager, receives appropriate functions related to managing the objects of socialist property, **various subjects of managing this property** develop in our country:

—the state (in some enterprises the objects of socialist property will not be placed in the hands of the labor collectives;)

—the basic labor collective in the enterprise, **the brigade** in the agricultural plant;

—the population in the municipality;

—the members of the cooperations and associations.

Each of these subjects implements a specific activity within the system of property relations, and the ensuing other economic, and more broadly, social relations.

—Everyone, is striving to reach his goals, satisfy his interests, and defend them along the entire chain: production—distribution—exchange—use, at the level of his rights, responsibilities, and obligations, within the framework of the law and norms.

—Everyone is under everybody's control (both "from the bottom," and "from the top") with the view of protecting everyone's rights and responsibilities.

Is there a danger that socialist property could suffer under such a postulate?

—Yes, there is such a danger, if any of socialist property's subjects does not perform well his work. However, he is "under the eye," under the control of all those who are interested in his doing his job well.

As you see, **the issue comes down not to dividing socialist property, but to more correctly distributing the functions related to constructing property relations in our country.**

This is the first, and perhaps the most important condition of debureaucratizing the organizations and apparatus at the various levels, and maintaining a businesslike dialogue between the commodity producers, territorial communities, and other self-managing organizations on the one hand, and the organs of the higher echelon on the other.

In short, we must **consistently create conditions—economic, political, ideological, and organizational, of gradually producing and developing such a system of property relations within entire society.**

What is the most essential factor in this case?

This is the fact that in practice, the labor collectives and social communities, according to the sphere in which they function and the tasks which they are implementing, **emerge under the form of subjects of a specific social activity**—economic, scientific, educational, health protection, and so forth.

—Subsequently, regardless of how important it is from both the theoretical and practical points of view, to correctly see what the are subjects of management of the socialist property, and entrust them with the respective rights and responsibilities, this is not sufficient.

—The decisive factor is to create conditions of strengthening their interest in implementing a certain activity and in improving its results.

—From here we logically reach again the conclusion about the most appropriate forms of attitude toward socialist property, which guarantee the public interests with the interests of the collective and each individual member.

Such is the dialectic of life. **We must boldly search for and give priority to these forms, which function best on the basis of the material interest in changing the core of production relations and elevating them to a new level.**

In this context, for example, the labor collectives must decide alone whether the best utilization of a part of the machines (during out-of-work time, in a certain unit, and so forth,) requires the conclusion of a contract for leasing the machines for piecework to:

—cooperative collectives, and associations;

—other organizations;

—the families of their members;

—individual citizens, and so forth.

—In this respect too we should not star ..ze the requirements and draw any line: up to he , the cooperative property, and from here on—t.. state" property, and so forth.

In general it is necessary now to conduct a crucial turning-point change in relations toward socialist property:

—by relying on the advantages of each of its forms;

—by creating conditions of emulation between the various forms and increasing the efficiency of their utilization and development;

—by searching and broadly revealing the space for enriching the socialist property—

—along the line of the cooperative

—group,

—and individual initiative,

—and on the basis of the economic contract and piecework wages. —This applies both to production and to services, to all areas.

In this connection the need arises for all the subjects of socialist property to be placed under equivalent conditions, in order that they may develop as managers of this property in the full sense of the word.

—In this sense it is necessary to discuss the drawing up of a uniform normative system for managing socialist property.

—It is clearly necessary to reregister the cooperatives that have existed in the country until now according to an appropriate procedure and eliminate bureaucratic obstacles, in order for cooperatives to develop their

activity in the spirit of the considerations that the Politburo approved concerning the development of the cooperative movement in Bulgaria.

III. Concerning the Economic Mechanism and the Development of the New Social Communities.

The main strategic issue that we must resolve is the introduction of the economic mechanism of self-management.

—It is clear that it is not enough to remove socialist property from anonymous ownership and hand it over to the labor collectives and the population in the municipalities for administration and management.

—In order that it can be utilized to the maximum effect and for the production capacities to develop at an accelerated rate, **it is necessary to draw up and apply an appropriate economic mechanism.**

—Here one is talking about changes in price formation, the tax system, wages, and the credit and finance system that will create a most suitable climate and equal conditions for every labor collective to fulfill its economic potential and for the interests of the individual, the labor collective, and society to be brought into harmony.

—Here one is talking about working out a **uniform normative base** for the development of socialist property.

Of course, we will introduce this normative base **by stages,** since the problem is a difficult one and must be resolved very carefully, by creating the necessary conditions and by prohibiting the occurence of any kind of shocks.

I will now deal with some of the **more important requirements** connected with the tasks that face us in developing and operating the mechanism.

—These requirements must also be kept in mind **when preparing the new edition of the Code on Economic Activity, which will come into force from the beginning of next year.**

1. On wholesale prices.

—The most difficult problems that we have encountered until now have been connected **with bringing wholesale prices in Bulgaria up to the price levels set in the world market.** This is also delaying work on the other economic regulators.

—For an extremely open, export-oriented economy like ours, no more precise criteria exist for socially necessary expenditures and production quality—criteria that react dynamically to market changes—than the prices on the international market, especially within the framework of the international socialist division of labor.

—We cannot dissociate ourselves from **the yardstick of the prices** that are set in the international market and, most of all, in the socialist market. **However, we will bring our prices into conformity with this yardstick by degrees.**

—This is the conception that must be consistently implemented.

—This means that we cannot proceed **immediately** to fully transfer foreign trade prices without taking into account the specific conditions in individual sectors and types of production.

—**Our intention** is to adopt the main price structures in the foreign market, while making certain adjustments with regard to our own conditions and to tasks and requirements of our economic and social policies.

However, one thing is clear: **The utilization of wholesale prices as a powerful lever and incentive for progressive structural changes in the economy, for technological reequipment, for putting into practice efficient versions of capital investments, and for raising the competitiveness of our exports as regards production costs and quality. All of this presupposes the fullest possible adoption of the real price structures of the foreign market.**

The currency rate of exchange through which the level of wholesale prices is obtained **cannot be the subject of arbitrary manipulation.**

—The exchange rate must be set by taking into account the full expense that each ruble or dollar unit of foreign exchange costs us.

The inevitable adjustments of price levels of individual groups of commodities or types of production that are found expedient should not seriously impair the overall structure of the model for wholesale prices that we will adopt in order to bring these price levels into conformity with world market prices, especially with those of the socialist market.

This postulate determines that the following principle be applied: In the event of a loss occurring at the new prices level, it is preferable not to deviate from the model and raise prices, but rather to utilize the system of grants and subsidies within the framework of special-purpose and limited-term programs. In this way we will also find favorable solutions in advance for a number of problems regarding retail prices.

With regard to the international yardstick, everything must be completely clear, namely where we stand now and to what point we must advance by changing wholesale prices at this stage.

The main thing is to start from **the end product and work backwards to the initial raw material, and to see where the prices are "inflated" by irrational, socially and economically unjustified costs.**

—It is necessary to make **an integrated analysis of the costs** in all types of production **throughout the entire chain** (also comparing them to the costs of the leading, prime competitors in the international market).

—However, even now it is clear that **the greatest distortions in prices** occur where products are accepted for consumption (whether as materials or as constituent products, assemblies, parts, etc.) for the manufacture of products at the following levels.

—Each successor in the "chain" tries to "add on" his own excessive costs to the product destined for the end user, in order to take a greater share of profit and unjustifiably protect his high profitability.

Therefore, **the bar of international prices must be set in position at both the "entry" and "exit" points of every goods producer.** Otherwise the initial picture will create a false impression of many types of production—in the initial production [dobivniya], the processing, and the final stages.

—For example, in the case of agriculture one must see at the "entry point" what the international prices are for fertilizers, chemicals, machinery, farm equipment, and so on, and then see how in this situation the prices have been set for livestock and crop products.

—In the same way, i.e. using the international prices of processed agricultural raw materials and products, one should calculate what the wholesale prices should be for dairy and meat products, canned and bottled foods, and so on.

Only on this basis can one supply a precise and clear argument on:

—what should be taken from the price for each one, or what each one should receive as an incentive (subsidy or supplement) in addition to the price of his production.

—There can be no other arguments, no artificial increase of profitability.

In view of all this, how then should one proceed?

I consider that it will be appropriate for us to divide the work into **two stages.**

—**The first stage** is to fix wholesale prices that will operate until the end of the current 5-year plan.

—**The second stage** will be a fundamental price reform that will come into force from the beginning of the next 5-year-plan period.

This is the reason why we must now improve wholesale prices on the basis of the plan that will be fulfilled by the end of the 5-year-plan period.

—It is precisely these changes that will come into force on 1 January next year.

When I speak of fixing prices on the basis of the present 5-year plan, I have in mind such changes that will provide incentives for:

—achieving the basic quality indices embodied in the plan;

—fulfilling the production of the principal types of products; and

—ensuring foreign exchange revenues.

The changes in wholesale prices should direct the attention of the goods producers toward raising social labor productivity and increasing the production of goods under agreed contracts both within the country and as part of the international division of labor.

Accordingly, we must now introduce changes in wholesale prices of a kind that will promote the increase of production and the raising of labor productivity.

As far as retail prices are concerned, these should not be adjusted at the moment. If, however, such changes become necessary for individual commodities, a decision will be taken only after first consulting the population.

With regard to carrying out the fundamental price reform, we must begin immediately in serious preparation.

—By the end of the 5-year-plan period all the questions relating to the fundamental price reform must be worked out, and we must be ready to introduce the new prices and the economic regulators associated with them.

The novel element in such an overall price reform must be **its democratic character.**

—I have in mind here **the involvement of the entire population in carrying out this price reform, through open advance discussion** of all the proposed changes in wholesale and retail prices with the people, as well as discussion of the extent and method of compensation, particularly of certain weaker social groups—most of all the pensioners and people with lower incomes. A further issue concerns **the control of prices.**

We know that international prices are highly dynamic. A problem arises in this connection: Should our domestic prices be dynamic or static?

—If we are to be consistent, the answer is clear. Our prices must also be dynamic. This may create certain calculating difficulties for our planners, but it will conform to economic logic. And for us economic logic is more important.

We are realists and understand that **the granting of great freedom in agreeing on specific prices conceals certain dangers,** particularly in the conditions of the producers' monopoly and the shortages of a number of goods and services that now exist in Bulgaria.

Apart from this, we see what is happening in the world. We know what the social and economic consequences of inflation are, and we must do everything possible to ensure that they do not appear in Bulgaria, or, if they do, that their effects are minimized.

—Accordingly, the system of price control must be efficient at the present stage and in the future.

2. **Concerning the financial mechanism.**

The concept adopted concerning the economic mechanism requires the use of an **integrated approach** in working out the financial mechanism.

What, in my opinion, are the more important issues that should be additionally covered from this viewpoint?

—We must start work on a radical improvement of the **circulation of money.**

—We must also make **our concept** available concerning the necessary measures for changing over to internal convertibility within the CEMA framework.

—We should also work out the problems concerning **the financial interrelations within the territorial communities** (including those between the self-managing organizations and the municipalities), **as well as those between the communities and the state.**

—**The financial interrelations between citizens and the state** must be rationalized. One should not permit the suppression of initiative regarding individual and collective labor activity by unjustifiably high taxation.

—A radical modernization **of the insurance and savings systems** must be carried out.

3. **Concerning the formation of the wages fund and labor remuneration.**

The mechanism of forming the Wages Fund has proved to be a hard nut to crack.

We require a method of forming the Wages Fund that meets the following conditions:

—It must stimulate interest in producing what is in demand and what finds a ready sale in the market; it must be directly dependent on supply and demand in the domestic and international markets;

—**It should provide incentive for further improvement,** technical progress, cutting excess staff, and higher labor productivity, and ensure a direct link between the wage received and the end result;

—**One should achieve complete singleness of action** in harmony with the effects of other economic regulators.

—**Maximum simplicity of application** must be ensured. It is desirable to avoid the notorious problem of the base, which enterprises endlessly demand to be corrected.

The following requirements should be observed in working out and introducing the new basic wages:

—**These should be totally linked to the collective and individual results**:

—**Differentiation should be increased,** both within the relevant categories of staff and between them;

—**Limitations** of wage increases should be determined solely by **the framework of the Wages Fund controlled by the state** and by the condition that the growth of **the average working wage** should not outstrip that of social labor productivity;

—With regard to **supplementary labor income** (fees, awards for inventions and rationalizing proposals, income from individual labor activities, and so on), this income will continue in future to be taxed progressively, while raising the initial threshold used until now;

—The question must be discussed of ensuring a guaranteed **minimum wage** when the workers and specialists conscientiously perform their duties;

—**Specialists' salaries should be considerably increased** in accordance with their new role and great responsibility in implementing the scientific and technical revolution;

—One must ensure the maximum degree of democracy of the wages system in accordance with the rights and responsibilities of the self-managing organizations and their collectives in determining and administering wages.

The form of the changeover to introducing the new basic wages is of particular importance.

It must be made quite clear that the changeover to the new basic wages should only be carried out within the framework of the Wages Fund that the relevant organization has at its disposal.

—Organizations that are financed from the budget must also change over to the new basic wages only within the framework of the funds granted to them. In certain cases these funds may even be reduced if this is assessed as expedient. —Additional funds are to be granted from the budget only as an exception for certain activities with a direct social function, such as education, health, and so on.

The changeover to new, higher basic wages should not be regarded as an across-the-board wage hike.

—Under no circumstances should a general or uniform rise in the basic wages of everyone take place without regard to the qualities each person displays in his work and his personal contribution.

—Within the framework of the wage reform and utilizing the other economic regulators, provision is to be made for a complex of measures to overcome the random labor turnover and to stabilize the workforce.

In other words, if we want to achieve results, it is necessary to implement a **difficult, complex, and delicate** process of **a new distribution of the earned Wages Fund within the labor collectives.**

In the initial period this **will give rise to a certain tension,** until one begins to shake off the mental attitude of wage-levelling that has been implanted over so many years.

However, this is the path toward interest!

To sum up what has been said, I want to stress this: **Simple, clear, and rigorous rules are needed in order to apply the new wages system, rules that reduce to the minimum the subjective element in assessments and wage payments at all levels.**

The issues **relating to banking** are clear, but I will shortly touch on one single issue only, namely **a bold instrument for shaping the national income.**

4. Concerning socialist competition.

Our fundamental decisions on this question are well-known. These decisions require us **to turn from general deliberations about socialist competition to real deeds.**

What does this mean?

—It means accelerating **the working out of the economic, legal, and other mechanisms of socialist competition** in Bulgarian conditions.

—It means putting into practice a system of measures to gradually **undermine the monopoly position** of individual producers, while creating a competitive situation between the organizations lying outside material production.

The following are some of the possible measures in this respect:

—**splitting up** unjustifiably large enterprises;

—**setting up new** enterprises;

—competitive **import** of products;

—creating joint enterprises with foreign firms;

—utilizing the opportunities proved by the **free zones** being planned, and so forth.

In the final event, the deciding criterion for assessing the qualities of the developed economic mechanism is its capacity to serve in implementing the strategy for qualitative new growth and the restructuring of our society.

—The mechanism must operate so as to promote the comprehensive intensification of the economy, raise the economy's competitiveness in the international market, and make its growing efficiency the chief factor for ensuring dynamic growth.

—Only on this basis will it be possible to realize our new visions concerning the development of the social sphere in all aspects.

5. On the issue of control through the lev in connection with **economic growth.**

The methodology used until now in Bulgaria and the other socialist countries for **the balance of the national economy and the indexes associated with it require alteration and further improvement.**

—This question is already being discussed among specialists in the socialist countries, and proposals and considerations are being argued for solutions of various kinds.

One thing is indisputable: **There is a real need to enrich the system of indices for measuring and evaluating economic growth.**

Nonetheless, under the new conditions it is necessary in all cases to exercise **control through the lev.**

—We simply have no other tool with which to keep watch on the exchange of technologies, commodity-money relations, and so on.

—The lev leaves the bank, goes to the scientific institute, construction, and the plant, is converted into certain products, passes to the consumer, and then returns from him to the bank.

—The path of the lev also encompasses services, cadre training, disposal of products, and supply; the lev finds its way to the territorial communities, and in general passes through the entire reproduction process.

—We are interested in the profit, that is, what is obtained from every lev, how much it grows in every link in the chain and after it has returned to the bank.

The role of the commercial banks, established at the associations, will constantly increase by developing their functions of control, through the lev, over production in other spheres.

In relation to all this it is necessary to:

—better and more precisely reflect **the results and expenditures** in developing the national economic complex;

—and overcome the **division of the national economy between production and nonproduction spheres**, which has become a futile division under the contemporary conditions.

This is so because the direct role of a broad range of activities in the so called nonproduction spheres, is constantly growing.

—By this I mainly mean the education, health protection, science, and culture, in general—the broad range of nonmaterial services for the population and society (other than those related to national security and foreign policy). This is so because the dynamics, quality, and efficiency of the economic growth, and the implementation of our party's general socioeconomic strategy will depend, to an increasing degree, on the development of work in this area and on the quality of this work.

If we do not take all this into consideration at a macrolevel we shall not have a precise evaluation of what we have achieved, and important issues could escape our attention (most frequently in the social area), and afterwards pay a higher price in solving them.

It is useful to create a group of specialists and scientists, who will study the issues and will make a comprehensive proposal.

—One thing is clear—**the basic economic indexes are to be enriched,** and thus ensure a possibility **to account for the expenditures along the entire reproduction process.**

I shall not dwell now on the issues of planning, because they were clarified in the July plenum's concept.

Touching upon the issues of the economic mechanism I would like to stress that **it must facilitate the filling of the newly constructed structures with new contents, and turn them into social communities.**

In what directions must all this take place?

First: Along the line of creating uniformity of the personal and collective interests and responsibilities in the social community.

Second: Along the line of solving the dialectic contradiction between the current and prospective interests of the individuals and the collective as a social community.

At the July plenum we declared that self-management, which we are introducing now, **must be self-management on the basis of the interest and through the interest.**

—This is not an empty phrase. Different interests and a diversity of interests are evident in our society. Contradictions between the different kinds of interests are possible. Conflicts are possible.

—We must not fear that. On the contrary, we must allow for the interests to emerge as the moving force of restructuring under the conditions of self-management.

The power of the principle of self-management is in its providing the possibility to create appropriate conditions of combining the all-people, collective, and individual interests, and of enhancing the energy and creativity of millions of people.

—Of course, the economic regulating factors and the contracts, which will be signed, will be the basic regulating factors of the various interests. They will clearly determine the rights, obligations, and tasks of the self-managing organization and the state government.

Simultaneously, we must utilize the possibilities of self-management in order to construct full-fledged social communities, which will solve the basic issues of human labor and life at the present stage and under the given specific conditions.

As I stressed, we are still taking the first steps and are far from having formed a real economic situation in which the economic organizations can function under the conditions of self-management.

—We must stress the following: The fact that we shall implement the economic reforms in stages does not mean that we are using half-measures.

—We know well that half-measures in this area will not lead our economy out of its present status.

This is so because now we need an economic mechanism of self-management, self-financing, full economic accounting, state economic regulation of the market, and a market-oriented attitude on the part of the enterprises, as well as creating an atmosphere of competition in economic relations, which will induce novelties, increasing the labor productivity, and achieving a high quality of production.

IV. Concerning Some Practical Issues of Government.

As you know, the changes which we conducted in the political superstructure and other spheres fully conformed to our Constitution. However, the model approved by the July Plenum cannot be fully implemented without **significantly amending the Constitution.**

—The commission, which will prepare the new edition of the Constitution, has already been elected by the National Assembly, and it will begin the implementation of its obligations.

The concept on further developing socialism, which has been adopted, contains many basic trends and premises, which will obviously be taken into consideration by this commission.

1. At the present stage **The Council of Ministers** can be basically considered as formed.

—The main danger here is to begin to **shuffle and reshuffle** the cadres.

—We must conduct this activity after **developing the structure of the new ministries.**

2. A few words **about the municipalities and oblasts.**

As a result of the documents, recently adopted by the National Assembly and the State Council, we began the **new territorial structuring of the country.**

Of course, we did not begin from scratch.

—Immediately after the April 1956 Plenum we constructed a **new territorial structure: the districts** [okoliyas], which had a costly and difficult administration, **were abolished; we created okrugs,** which have played a great role.

—In 1977 the BCP Central Committee Plenum adopted a **new strategy,** according to which **the conurbation systems** were prudently created. Now we have decided to call them municipalities. Even then we stressed that they are **the future forms of self-management in our country.**

As you know, under the conditions of the present stage the okrugs exhausted their possibilities. It become necessary to create in principle new territorial units—the oblasts—while the municipalities were to be consolidated and developed as basic self-managing communities with new rights, obligations, and responsibilities.

—Now exceptionally favorable conditions have emerged for implementing our plans and turning the municipalities to an increasing degree into the self-managing communities of the population.

—The oblasts, which have been formed, are precisely subjugated to this task. On the basis of the common interest they will unite and direct the efforts of the economic and other organizations on their territory toward harmoniously developing and comprehensively solving the technological, economic, and social problems.

The materials, which develop the new vision of the municipalities, clarify the basic principled issues—concerning their character, status, functions, and mutual relations—both among themselves and between them and other organs of the state government and self-management.

—It must be stressed again that **the municipalities will be the basic cells of self-management in the territorial aspect.** The task is to turn them more and more into social communities, which conduct vigorous economic, political, social, and intellectual life.

—There already are indications that some oblast centers are striving to take in theaters, symphonic orchestras, and operas from the former okrug cities, and transfer the centers of the economic organizations.

—Another danger also emerges—namely the central organs and departments opening their subunits in the oblast cities.

Sofia city, which also has the rank of oblast, is in a different situation. Obviously here we need special visions about the decentralization of the municipal government and transferring its weight to its subunits.

It must be clearly understood that the correct functioning of the present oblast centers does not require that they grow from a demographic point of view, or that they should practically become the center of the oblast's economic and cultural life. Such a development would create great deformations, which in the past appeared in some of the former okrug cities.

As far as the oblast itself is concerned, the entire range of possibilities of the territory and population are to be utilized in developing the production capacities, services, better solving the issues of self-supply, and so forth.

—We have already created the oblasts and municipalities as territorial structures. The same applies to the mayorships. We have begun to form new organs of self-management.

—The decree of the Council of Ministers determined **the provisional organizational-functional structures and the size of the personnel** in the Oblast and Municipal People's Councils and the mayorships.

However, this is only the beginning of restructuring the territorial units from simple administrative structures into real self-managing social communities of the population.

We still face much work in order to fill these communities with new contents and consolidate them in accordance with their new social functions and the new democratic methods of functioning.

Only then we could say that they have turned into self-managing social communities.

—We shall solve a part of the tasks during the preparation for and conduct of the elections for the Oblast and Municipal People's Councils and the mayorships.

—The rest will be solved by the appropriate normative documents and legislative amendments.

I would like to repeat: Now we have adopted the approach of creating **provisional** organizational structures in the Oblast and Municipal People's Councils and mayorships. Simply, the situation is such that we cannot postpone those issues. **However, in the future we must consistently begin to place the structures, functions, contents, and quantity of these organizations on the basis of the principles invested in the July Plenum concept.** Compromises in this area are inadmissible.

What does it mean to fill these structures with new contents under the new conditions?

Let us take for example the municipalities. As we have stressed before, they must play a new principled role:

—to independently and equally participate in the planning dialogue with the state organs and the self-managing economic organizations;

—to construct their own budget self-support and their activity's self-financing on a normative basis;

—to organize as uniform investors the construction of a complex living environment for the population;

—to solve the problems of housing construction, local supply, public catering, local transportation and communications, direct medical servicing, cultural activities, urbanization, communal economy, leisure, sport, and so forth;

—to turn into the organizers of the economic activity in the sphere of self-supply with agricultural products, services, and in general—the industry for man;

—to organize the efforts of the population through referendums, polls, and other forms, for implementing the tasks and goals which they themselves have set;

—the municipality can conclude contracts with other municipalities self-managing organizations, and state organs, in order to solve its economic, social, cadre, and other problems.

In future the municipalities must have a decisive role in implementing **the principle of constructing the system of people's self-management "from the bottom to the top,"** by giving rights and responsibilities to the higher level of organs of self-management, in everything related to the function which does not exist or cannot be effectively implemented at the lower level.

It is necessary to pay special attention to the initial steps of the new territorial structures—the oblasts.

Now the basic task is to fully integrate the municipalities in the oblast not by the force of the administrative government, but through **the common basis of the interests**, through **the attractive force of the uniform territorial-production complex** of the oblast, and through the finding of a **specific national function**, image, and "measure" of the oblast, all this being supported by rules which have been established in a democratic manner and which establish the awareness of belonging to the specific social community.

—It is namely the forming of such awareness, supported by the feeling of pride and readiness to contribute to developing the oblast, which represents the main road of stimulating the working people's creative activity.

—In order to solve the problems of their population the municipalities must seek an opening toward other municipalities, regardless of the oblast to which they belong.

—On the other hand the oblasts must facilitate the consolidation of the municipalities on their territory, and the emergence of specific local characteristics, without limiting the the responsibilities of the municipalities, but by comprehensively utilizing the potential of their territory.

The very character of developing the social processes in the oblast requires **strategic thinking and planning** from the first days of the oblast's formation. Simultaneously with preparing and conducting the elections it is necessary to ensure **the development of a strategy on developing the oblast as a social community, and submitting this strategy to broad public discussion.**

—This strategy will serve the purpose of clarifying the goals, uniting the interests, and consolidating the municipalities in the oblast.

—It will be the basis of the structural restructuring of the economy and other spheres, aimed at reaching a new qualitative growth.

—It will be the foundation of the forthcoming dialogues related to forming the 10th 5-Year Plan in its territorial aspects, and revealing the reserves, in order to ensure higher results during the Ninth 5-Year Plan period.

I think that it is exceptionally important to pay attention to two additional issues.

The first is the issue of establishing correct mutual relations between local, regional, and national elements.

—The appearance of negative contradictions in this area is possible. Nevertheless, we must create all the conditions of fully developing the local, regional, and national elements in the life of each oblast and municipality.

In other words, it is necessary to create **a dialectic unity of the local, regional, and national elements.** This is possible only as a bilateral process:

—when the local and regional elements emerge as a manifestation, form, and defense of the national elements;

—and when the national elements are being implemented through the local and regional elements.

There can be no doubt that such a premise presupposes a specific **unity and transfusion of the single, specific, and common factors.**

—It is important to point out that the process of consolidating self-management must lead to a full-fledged manifestation of the initiative of settlements and municipalities.

—Both in the economic and social, as well as in the educational and cultural spheres local initiatives have to expand and they should serve as a specific expression of our national life—in the areas of economy, education, culture, and so forth.

Second. It is necessary to raise a new theoretical and practical question—pertaining to the organization of towns and villages as self-managing communities.

The postulate on overcoming differences between towns and villages, which is correct by itself, needs a specific interpretation in accordance with the **present stage** of our development and a general interpretation in conformity with the needs of the socialist social system. It should be understood that:

—the regional settlement system does not imply that villages should be subjected to towns, but instead requires organizational unity;

—our policy is not aimed at transforming villages into towns, but at ensuring the full economic, social, and intellectual development of the villages;

—towns must open toward villages and vice-versa—villages must open to towns.

3. Let us say a few words about **the reform of the legal system.**

I would categorically like to stress that our intentions will not produce any results, unless we work out **an adequate legal basis of self-management, unless we guarantee the further democratization of the legal system.**

—All self-managing organs and organizations, all state government organs will **act only within the framework of the law.** Anything else would mean anarchy. Self-management by no means signifies evading the law and even less does it mean eliminating it all together.

—It is our ambition to establish the most extensive, possible socialist democracy in our country and this means that we should become a mode state based on law, in which laws contribute to the correct functioning and development of self-management, guaranteeing the citizens' rights, contributing to the expansion of citizens' initiatives.

—It is also high time to stop administrating our economy, as well as our social life, as a whole, mainly on the basis of **sub-normative [podnormativni] documents.** Practical experience shows that in many cases these documents are in contradiction to the basic principles of the respective law. On the other hand, they are submerging us like an avalanche, so that they can hardly be remembered and observed.

—A self-managing state based on law must primarily rely on law, but not on sub-normative documents and codes.

There is something more—**all are equal for the law.**

As a result of all this, we are facing a **serious reform in the sphere of laws and legal superstructure.** Not only the Labor Code and the Code on Economic Activity must be coordinated with the the new model, **but all our laws must conform with its requirements.**

—Practical measures are required, along with this, for **improving the population's legal education and culture** as an important prerequisite for observing the law.

Judicial organs are expected to act in full conformity with the requirements of the laws, they **should not be subject to the pressure** of any party, or other authority, and the responsibility of cadres engaged in this sphere should be enhanced.

—Is it not high time to free ourselves from the past ideas about their functions and their prerogatives in our society?

—Since, for example, the law authorizes associations (and hence there should be a law on association), or the application of individual labor (and hence, there should be a law on individual labor), and so forth—it would be correct that permits of the establishment of associations or to apply individual labor, and so forth **should be issued by the judicial organs** which are authorized to apply the law, and not by municipal authorities as it was

the practice in the past. Under these circumstances, the individuals, or associations in question should be registered in the municipalities, in order to pay their taxes determined by law, as a result of which they can establish mutual contacts with banks, and so forth.

I would like to raise another question:

—It concerns the rights and freedoms of citizens and their organizations under the newly existing conditions, namely under self-management conditions.

—Our Constitution guarantees the most extensive rights and freedoms to citizens in the spirit of socialist democracy.

—We must obviously go further: The question of the rights and freedoms of citizens and of their organizations must become the main focus of our total legal, political, and ideological work.

4. **On state and people's control.**

New points of view are required as regards the activities of state and people's control.

—Obviously, part of the former functions of this institution will be assumed by the control organs existing within the self-managing organizations themselves.

—The rest of the people's and state control functions should be assumed by the judicial organs.

—It would perhaps be expedient, that instead of being under the Council of Ministers, the Committee of State and People's Control should become an organ of the new National Assembly.

—This organ will be authorized to investigate whether or not the sub-normative acts are in contradiction to the laws and whether all organs and organizations are acting within the framework of the existing legality.

—This is just an idea that should be discussed.

5. **About sociopolitical organizations.**

As I already stressed, we are expected to **accomplish restructuring** in the Komsomol, the trade unions, and the Fatherland Front. —The leaderships of these organizations are already energetically reorganizing their views.

—Nevertheless, we should not try **to force things along** in this respect.

It would be correct to fully clarify these views, after the new structures of state government and the social communities will be created and substantiated.

—Naturally, this does not mean that sociopolitical organizations should stop functioning, or that they should interrupt their work in this respect.

—On the contrary, they can greatly contribute at this stage to **the establishment of new social communities and their support.**

6. The next question concerns the **establishment and activities of self-managing social communities in the intellectual sphere.**

—We will deal with this question and with the development of intellectual life whenever the documents on which we are working at this stage will be ready.

—We will presumably hold a BCP Central Committee plenum on this issue.

I would now like to stress the main question: **restructuring is required in this sphere in accordance with the new realities, created under the conditions of self-management, under the conditions of scientific-technical revolution, and in conformity with the people's growing intellectual needs.**

The self-managing communities—namely, the territorial units and labor collectives, where people are living and working—are the starting premise of our work in this respect.

There are some crucially important approaches regarding this.

First. The organization of intellectual life is to be restructured so as to ensure the full satisfaction of the people's intellectual needs through the use of the local and oblast cultural resources, as well as with the remaining cultural potential of the country.

—Efforts must **not be focused on the local** creation of all intellectual values and activities, which interest the population, but on guaranteeing conditions for the people's increasing access to the greatest intellectual assets existing in their settlement, in the neighbor town, or village, in the respective oblast, and so forth.

Second. The organization and the method of satisfying intellectual needs must be increasingly focused on the working people's education, so that they may increasingly aspire for greater intellectual development and perfection.

Man should **not only be an object,** but should also **become a subject** of cultural life, as well.

Third. Intellectual life is developing and functioning as a uniform system whose core and nucleus should be represented by a synthesis of culture, science, and education. Efficient social and economic mechanisms are required in this respect likely to guarantee the integration of these activities.

7. Let us make a few remarks regarding the role of mass media under the newly existing conditions.

Newspapers and magazines are being published in our country, the quantity of which has long since exceeded all sensible limits.

—Many of them just exist to satisfy the vanity of certain leaders to have their own newspaper, or magazine.

—An excessive number of people are employed in editorial offices, the majority of whom are unqualified.

—The number of those working in radio and television also deserves attention.

The necessity has become urgent to introduce drastic arrangements in the social status and role of mass media at all levels.

Mass media must assume **a new role in society** which transform them into institutions with **new rights, obligations, and responsibilities** on the basis of party principles, ideals, and ethics.

—The media must also be entrusted with the management of a a certain property and their leaderships should be elected just as it is stipulated by the new Labor Code.

—Nevertheless, this is not all, when we talk about the place and role of mass media in our self-managing society.

We must proceed toward **bold steps** by granting the **self-managing communities the right of a decisive voice** not only as regards the question of which organs should be established "above" them, **but also on what kind of newspapers, magazines, and oth?r publications they will have.**

This will make it possible to apply a basically new approach:

—for a transition to a new structure of mass media at all levels;

—for determining the new rights, obligations, and responsibilities of these media;

—for finding new control mechanisms to be applied by the people to mass media.

—for the establishment of close relations between our mass media and the problems of life, the topical problems pertaining to our development.

In this connection it is, above all, necessary to revise the present structure and number of existing newspapers and periodicals.

First, in accordance with the new principle of territorial division, we envisage the publication of oblast newspapers. However, these newspapers will not be the organs of a respective party, or state leadership, but of the low echelon, territorial, self-managing communities.

Second, the publications which will reflect the problems of the organizations and of the labor collectives in the production sector, must not be organs of central leaderships, but of the self-managing organizations, with all the consequences involved.

Third, special attention should be devoted to the newspapers and other publications of social, and creative organizations, movements, and unions.

—A considerable number of them are unnecessary under the present conditions and should simply be shut down.

—The others should be transformed from organs of the respective central leaderships (such as for example—the Komsomol Central Committee, the Fatherland Front National Council, the Central Council of Trade Unions) into organs of the organizations themselves.

Fourth, the question of a similar reorganization of the daily *Rabotnichesko Delo* has become pressing.

—*Rabotnichesko Delo* should not be the organ of the BCP Central Committee, but the organ of the BCP, as is required by a decades-old tradition of our party press dating back to the years of struggle against capitalism and fascism.

—This means that the daily must review the work of the Central Committee as well and, if necessary, act as its opponent on questions.

—The statute of the *Novo Vreme* journal should also be changed accordingly.

8. Let us say a few words about the social sciences.

In this connection we are dealing, in the first place, with the question of the development and application of these sciences under our existing conditions of Marxism-Leninsm for the following purposes:

—As a **method** of analyzing phenomena and natural laws of social reality;

—as an **ideology** which equips us with a scientific world outlook and a system of ideals in the struggle for the triumph of socialism and communism.

This requires that social sciences should be correctly directed, but based on new foundations.

—They have been neglected, and this is not only the fault of those who are working in this field. Many papers have been written which are in contradiction to real facts and natural laws. This is, precisely, why we will not declare war on the sociologists.

—Nevertheless, all this must be corrected in the future, so that social sciences may become a genuine instrument for the development and application of Marxism-Leninism.

—Special attention should be focused on **propaganda** which must be mainly devoted to the care for the development and consolidation of innovative processes in our society, aimed at the struggle against everything that is outdated.

—It is also necessary to deal with the questions of peace and of the two social systems in a new manner, and this also applies to questions of the international communist movement, the role of communist parties in the contemporary world, the problem of the Third World, and so forth.

All this requires the establishment of adequate, new conditions for the development of the social sciences.

9. In touching upon these practical questions of restructuring, we must take into consideration the fact, that **this involves daily, persevering work and struggle:**

—By firmly basing ourselves on the decisions of the July plenum and by **revealing all existing reserves of plan fulfillment** these goals can be achieved.

—The same applies to the creation of **a new atmosphere** within the collective self-management organs, within enterprises, trusts, and associations.

In applying the new approach and style of leadership,in accordance with the newly existing requirements and conditions, we will achieve this goal.

To put it briefly, the progress and the results of the restructuring process most directly depend upon the work of all people in all places.

—No one should delude oneself that restructuring will automatically proceed as a result of introducing the new economic regulators.

At a recent meeting which dealt with drafting the plan for the period up to the end of the current 5-Year Plan period, I had the opportunity to discuss these questions, in particular.

Without repeating my statement at the meeting I would like to draw attention to the following topics:

—The new trusts and associations in the economic sector and their leaderships and collective self-management organs were established precisely for the purpose of extensively encompassing the capacities and creative potentials of the production units, scientific links, and banks—along all lines of this chain.

—The associations, on the basis of economic interests, should direct the commodity producers to the implementation of strategic operations, so as to uncover the real, reserves existing in the compilation of the plan, as well as to achieve technological and market breakthroughs, and so forth.

Nevertheless, I would like to stress once again on this occasion that the implementation of our new tasks, to the greatest extent, depends upon the cadres, upon their potentials, and upon their ability to restructure themselves and to work in a new manner.

Our attitude and our policy in dealing with cadres are well-known. I would once more like to dwell on certain issues:

—Our policy in dealing with cadres is a policy of confidence and support, of coordinating the work of several generations and of rallying them around the general party line, as well as a policy of boldly promoting young people at all levels from the bottom to the top.

—This is an approach based on lofty principles, an approach that applies high moral criteria, that requires enthusiasm and a sense of responsibility in work, especially during periods of trials and difficulties.

—We by no means delude ourselves that everyone, without exception, will prove capable of proceeding along the difficult path of restructuring, because the restructuring process, in the first place, begins with each one of us.

We need a new type of cadre today, a new type of leader is required.

—Particularly great requirements, involving great responsibility, are applied to **party members** because they represent the force of restructuring.

—Restructuring needs energetic, knowledgable, honest, and capable people. People of this kind, including non-party members, must be boldly promoted to responsible positions, they must be invested with our confidence.

In this respect we must act according to principle, as well, and we must adopt the necessary decisions.

—At the same time, we should by no means, permit that cadre leaders should be affected, under any pretext whatsoever.

—Cadres which are released of their work and redirected deserve our full attention, they should be treated with the greatest care and full assistance should be accorded to them in order to ensure the complete utilization of their working potential in other sectors.

Struggle against bureaucracy does not signify struggle against leading cadres.

It would be unjust to think that a state of opinion is being directed against leaders at various levels.

This is so, because, generally speaking, leaders have only one privilege—to be "subjected to pressure", both from the top and from the bottom.

—Therefore, it is no question of struggle against good leaders, but against those who, are just working for themselves, neglecting the interests of the collective, of the party, and of society.

—It is a question of those leaders who have separated themselves from the party and the people, who have created their own feudal "principalities" where they are ruling against the law.

—It is against such leaders that the party will struggle and of whom it will free itself, whom it will unmask, and if necessary, transfer to the judicial organs who will hold them responsible.

—Some of them may temporarily hold their positions, by chance, but this will not be for long, the people will not tolerate this for long.

V. Conclusions.

If we should summarize everything stated so far, we can say: self-management is a basically new form of organization involving millions of people in the struggle to build socialism in Bulgaria.

This naturally produces numerous problems—in economic, political, and ideological spheres, and so forth.

—Working people are becoming managers and they are assuming direct responsibility in production, as well as in the intellectual sphere.

—In certain cases this is likely to result in confusion, lack of confidence, and even fear.

—Perhaps this may lead to speculation, and so forth.

—Nevertheless, this is inevitable when we are engaged in a deed that is revolutionary in its nature.

The decisive factor is the question: How will the party deal with this deed, how will it be implemented, and completed.

—This means that a new **political approach** is required, that we should by no means allow any bureaucratic methods to interfere in solving these problems.

—The party will resolve these problems, but not single-handedly, as a subject of state hierarchy, it will resolve them through political methods, by mobilizing the efforts of the labor collectives.

—As it was stressed at the July plenum, this by no means signifies a diminution of the BCP's leading and guiding role. **—The party will continue to be a leading political force and play the role of the people's political vanguard.**

—The Leninist principles of party leadership and the Leninist norms of party life have always been and still remain the unshakable basis of our party work.

—It is particularly important to create an atmosphere of critical spirit in work, of soberly evaluating labor results; it is important to boldly search for contemporary methods and forms, as well as means of leadership and work; it is important to expand democracy in internal party life.

The party will contribute to the implementation of strategic and tactical tasks through the party organizations, through the communists, through the working people in various units and spheres of management.

The party must intensify the efforts of the people and their will for the implementation of the restructuring process we have mapped out.

—The drastic changes, which are taking place in our society today, are being implemented on the party's initiative. The party is the **moving force and guarantor** of these changes, in the true sense of the term, it is the creator of ideas and proposals aimed at the development of our society.

As it was stressed at the July plenum, the main goal is that the party, in freeing itself of functions and tasks which are not its proper responsibility, will cease to be a "level" in the hierarchy of state government.

—Under the conditions of self-management the party will be assigned the **responsibility and the right** to determine the general course of society, to design the basic trends of the country's socioeconomic development, to ensure the recruitment of cadres, as well as the political and ideological prerequisites for the achievement of the goals assigned to society. **The thorough restructuring of social structures and their essence will be accomplished in accordance with the ideals of socialism and communism.**

—As in the past, these ideals will inspire our work and struggle in the future as well.

—As a result of all this, **ideology and ideological work** will play a leading role, both in the restructuring process, as well as in the active involvement of the working people in its implementation, and in the further development of socialist society as a self-managing society.

—In view of all this, self-management must permeate our society's **everyday life.**

—Self-management is not an idol which we should revere. **It must penetrate the core of the social organism and become a method of thinking, of behavior, and action Restructuring is a revolutionary deed, which affects every individual in our country**

—Restructuring can be implemented solely with the active and direct participation of all working people, only with the involvement of the communists, united agrarians, Komsomol members, and all citizens.

Restructuring must become the people's cause in the true and full sense of this term.

—The elected self-management organs cannot accomplish all this, unless they intensify the people's efforts and their will to implement the designated tasks.

As we emphasized at the 13th BCP Congress and in the period following it, everything we are doing is aimed at achieving a qualitatively new state of our society, at fully implementing the material, democratic, and humanitarian potentials of socialism to the benefit of man.

—We must give a powerful impetus to the productive forces, to labor productivity, to our entire social policy, and so forth. This should be felt in all places. Difficulties along this path are inevitable. The task is to do everything within our power in order to overcome these difficulties and to advance.

We have adopted a great cause, the cause of the entire party and the entire people.

We are facing tremendous work for the practical implementation of the concept on the further construction of socialism in Bulgaria.

—This requires selfless devotion, as well the joint efforts of all our people, so that we may rise above the commonplace trivialities of everyday life for the sake of our great goal.

Our party and people are ready for this.

Party Daily on Shultz-Shevardnadze Meeting

AU271359 Budapest NEPSZABADSAG in Hungarian 26 Nov 87 p 1

[Article by Pal Lederer: "Agreement on the Agreement"]

[Text] The ice has been broken and the road to the Gorbachev-Reagan summit in December is open. In Geneva on 24 November, Shevardnadze and Shultz were able to make a statement that has been awaited by the world for many years. This statement is the first step on the road to a world free of nuclear weapons. Reasonable-minded people have long been convinced that this step is necessary, but only a few have unfailingly believed that it would take place. Last week even the firm optimists became uncertain for a moment when it was unexpectedly announced that there was a need for an additional meeting at the foreign ministers' level before the Gorbachev-Reagan summit because—as it was published—certain details of the missile agreement still had to be clarified.

The foreign ministers did a great job in Geneva, and an almost uninterrupted 2-day intensive exchange of views was required to finalize the "agreement on the agreement." The constructive push forward and the wise readiness to compromise, which—having met the American readiness—were able to overcome the obstacles still preventing agreement, remind one of the best periods of Soviet diplomacy. The new thinking in foreign policy announced by the CPSU can already be seen in practice. The main issue is not forces and numbers, but a balance of interests, and this point of view won complete victory in Geneva. It was no accident that, in evaluating the Geneva process, Soviet Foreign Minister Shevardnadze emphasized that the agreement is based on the principle of equal and mutual security, and even if there were difficulties—for example, in formulating the verification procedures—they appeared only when attempts were made to achieve unequal terms.

The political and expert declarations evaluating and commenting on the Geneva announcement are full of superlatives; it is characteristic, for example, that when the British foreign secretary, who has such a high regard for the British tradition of understatement [eufemizmus], heard the news of the agreement on the draft agreement he referred to it as "magnificent news."

The statements, which followed closely upon each other, speak of the beginning of a new period, a breakthrough of historic importance, and the triumph of peace. There is, indeed, reason to be relieved, because this is the first really very significant disarmament agreement between the two big powers in the last 8 years, an agreement that aims at removing nuclear weapons from the territories of nine European countries.

If everything now happens according to the plans of the parties to the agreement, and if the agreement is not struck by a hostile torpedo—let us say, in the Washington process of ratification—the world, which is really suffering from the burden of nuclear weapons, can step into a new period. Because it is being stressed in Moscow at present, too, that this is only the beginning, the beginning of the age of eliminating the ominous nuclear arsenal. It is regrettable that a lot is naturally formulated in the conditional. The steamroller aiming to destroy detente has already started moving on the other side of the ocean, stressing the uncertainty of Senate approval. However, the fact that this first and present significant agreement was also made despite this steamroller offers good grounds for optimism.

Economic Protocol Signed With USSR

LD252254 Budapest MTI in English 1637 GMT 25 Nov 87

[Text] Budapest, November 25 (MTI)—The 37th session of the Hungarian-Soviet Inter-Governmental Committee for Economic, Technical and Scientific Cooperation ended with the signing of a protocol in Budapest's parliament Wednesday. The document was signed by deputy prime ministers Jozsef Marjai and Aleksey Antonov, co-chairmen of the committee. Representatives and experts of the competent ministries of the two countries participated in the work of the committee. Present was Boris Stukalin, ambassador of the Soviet Union to Hungary.

The session surveyed implementation of the agreements reached on the further expansion of cooperation at the 1986 and 1987 meetings between the general secretaries of the Hungarian Socialist Workers' Party and the Central Committee of the Communist Party of the Soviet Union and between the prime ministers, and marked out further concrete tasks.

The committee stated that the implementation of the agreements goes as planned on the whole, and results have tangibly contributed to the accomplishment of the tasks faced by the two national economies. It was pointed out that in agricultural machine production mutual deliveries over the plan were coordinated for the years 1987 and 1988. The committee was informed on the course of the reconstruction of certain Hungarian large factories with Soviet participation.

The committee commissioned the planning authorities of the two countries to work out the 15-20 year concept for the development of Hungarian-Soviet economic, technical and scientific cooperation by the end of 1987. Preparations are also to be made for the prolongation of a few highly important bilateral agreements valid until 1990 (alumina-aluminium, agrochemistry, horticulture). They reviewed questions related to the enlargement of the Paks nuclear power plant. Under the relevant intergovernmental agreement, in the mid-1990s two further 1,000-megawatt blocs are to be constructed at the Paks

nuclear power plant. The present session approved the measures that were coordinated by the competent Hungarian and Soviet ministries in the interest of the rapid completion of the major project.

The committee heard a report on the fulfilment of commitments assumed under the inter-governmental agreement covering the construction of the Yamburg gas pipeline, mainly the Tengiz mineral oil and natural gas collecting and cleaning plants, and on next year's tasks.

The committee heard a report on the bilateral work related to the comprehensive scientific and technical development programme of the CMEA member countries until the year 2000, holding it particularly important that the results achieved in the course of implementation should promote structural modernization in the Hungarian and the Soviet economy.

The committee evaluated direct relations between Hungary and the Soviet republics, and took a firm stand for establishing and expanding direct economic cooperation and exchange of goods over the quotas stipulated by the inter-state agreements, and for widening goods turnover in the competence of the ministries of internal trade.

The committee paid great attention to the spreading and development of new forms of cooperation between enterprises. So far over a hundred Hungarian and Soviet enterprises have established direct cooperation links, three Hungarian-Soviet joint ventures have been founded and 17 joint r and d teams established. In the course of the session the parties signed agreements on the founding of six Hungarian-Soviet joint ventures. Four will be headquartered in the Soviet Union and two in Hungary. The new ventures will, among other things, develop equipment for the power industry, recycle secondary raw materials and waste, improve and produce hybrid maize seeds, market supra-hard tools and materials in Hungary, and carry out advertising activities in the Soviet Union.

The committee surveyed the fulfilment of the intergovernmental agreement on micro-electronics and set further tasks.

Concerning the state of Hungarian-Soviet trade this year, the committee stated that most of the scheduled deliveries are realized, but there are backlogs in the supply of some important products on both sides which should be made up for without delay.

The committee called upon the competent organs to prepare and sign the goods exchange protocol for 1988 this year.

Janos Kadar, HSWP general secretary, met Aleksey Antonov. The Soviet deputy prime minister also met Karoly Grosz, chairman of the Council of Ministers, and Miklos Nemeth, secretary of the HSWP Central Committee. Aleksey Antonov visited the Hungarian-Soviet Mikromed joint venture in Esztergom and the Csepel machine tool factory, and addressed the session held on the 25th anniversary of the Hungarian-Soviet alumina-aluminium agreement.

Aleksey Antonov left Budapest on Wednesday. At Budapest's Ferihegy airport he was seen off by Jozsef Marjai. Boris Stukalin was also in attendance.

Szuros, Austrian CP Officials Confer

Economic Report Delivered

LD280028 Budapest MTI in English 2033 GMT 27 Nov 87

[Text] Vienna, November 27 (MTI)—Matyas Szuros, secretary of the HSWP Central Committee and president of the Foreign Affairs Commission of Parliament, visited Austria from November 24 to 27 at the invitation of the Central Committee of the Communist Party of Austria (OKP).

Matyas Szuros held talks with Franz Muhri, OKP president, Otto Podolsky and Michael Graber, members of the OKP Political Committee, and other leaders of the party. In cordial, comradely talks the sides informed one another of the major tasks facing the HSWP and the OKP, and surveyed the state and development of inter-party relations and topical issues of the international labour movement.

Matyas Szuros met Franz Vranitzky, federal chancellor, Leopold Gratz, speaker of Parliament, Fred Sinowatz, chairman of the Socialist Party of Austria (SPO), Peter Jankowitsch, president of the Foreign Affairs Commission of Parliament and secretary of foreign affairs of the SPO, and Heinz Fischer, chairman of the Parliamentary Group of the SPO.

At the cordial meetings the parties agreed that the common political will should be asserted in practice so as to halt the unfavourable tendencies of economic relations and further develop cooperation. It was stated that the particularly good bilateral relations make it possible to seek and apply specific solutions.

Matyas Szuros delivered a paper to the Austrian-Hungarian Society under the title 'Economic and Social Advance and Extension of Democracy in Hungary'.

Economy at 'Crossroads'

AU301052 Vienna VOLKSSTIMME in German 28 Nov 87 p 4

[Text] Vienna—Hungary's economy has reached a crossroads, stated Matyas Szuros, secretary of the Central Committee of the Hungarian Socialist Workers Party and chairman of the Budapest Parliament's Foreign Policy Committee, in a lecture at the Austrian-Hungarian Association in Vienna on Thursday evening [26 November].

Either it will be possible to fundamentally renew the country's economy and politics, or Hungary will end up in an economic and social dead end, Szuros said. The government program adopted by Parliament in September to stabilize and subsequently develop the economy is directed at limiting the debt increase by 1990. At present gross debts amount to $16 billion.

The now necessary adjustments will cause a 5-percent loss in the population's real income and an inflation rate of 15 percent, Szuros noted. The next year will be the most difficult year, he said.

Hungary will continue its economic reforms, which will give the economic units, enterprises, and cooperatives more independence, make the government's work more efficient, and upgrade Parliament.

In order to gain active support from the entire nation in overcoming the economic difficulties, further expansion of democracy is necessary. Socialist Hungary feels encouraged in its reform policy by the reforms in China and in the Soviet Union, Szuros stated.

Not everything that happens in Hungary is of socialist character. Ways to create more efficiency in the economy on the basis of socialism are being searched for. Capitalism does have corresponding experiences and methods, but they cannot be used in the framework of socialism's social system, Szuros explained.

Restructuring of unproductive sectors will not give rise to unemployment in Hungary. There is still a surplus of jobs, and the service sector has not been developed much. In addition, there is not much automation in Hungary, Szuros said.

With regard to Austrian-Hungarian relations, Szuros said that they are exemplary. After a 30-percent decline in bilateral trade over the past 2 years, economic relations have come to a turning point, however.

There is discrimination against Hungarian goods, which is greater than Hungary's discrimination in the EC. Hungary is also interested in foreign investments and in joint ventures with Western companies—in this respect foreign majority participation in Hungary would also be possible, Szuros said. Central Committee Secretary Szuros visited Austria at the invitation of the KPOe Central Committee. In addition to talks with KPOe representatives, he also met with leading SPOe representatives.

Grosz, Delegation Arrive in Athens

Meeting With Papandreou

LD261351 Budapest MTI in English 1209 GMT 26 Nov 87

[Text] Athens, Nov 26 (MTI)—Karoly Grosz, chairman of the Hungarian Council of Ministers, arrived in Athens on Thursday. He is paying an official visit to the Hellenic Republic on the invitation of Prime Minister Andreas Papandreou.

Karoly Grosz was met in the Greek capital's airport, decorated with Hungarian and Greek national flags, by Andreas Papandreou. The two prime ministers then inspected the Guard of Honour lined up for the Hungarian prime minister. The Hungarian prime minister is accompanied by Deputy Foreign Minister Laszlo Kovacs, Deputy Foreign Trade Minister Tibor Melega, the chairman of the Hungarian Section of the Hungarian-Greek Economic, Industrial and Technical Cooperation Joint Commission, deputy minister of home trade Dr Imre Vincze, and Imre Hollai, ambassador extraordinary and plenipotentiary of the Hungarian People's Republic to Greece, who joined the delegation in Athens.

Official Talks

LD262337 Budapest MTI in English 1937 GMT 26 Nov 87

[Text] Athens, November 26 (MTI)—On Thursday Hungarian Prime Minister Karoly Grosz, who is paying an official visit to Greece, laid a wreath on the Tomb of the Unknown Soldier on the Syntagme Square in Athens.

The official talks started after the wreathlaying ceremony. The first negotiating partner of Karoly Grosz was Ioannis Alevras, president of parliament, whom the Hungarian prime minister visited in his office. Karoly Grosz informed his negotiating partner of the economic situation of Hungary, and the endeavours of the Hungarian leadership. He emphasized that the success of these endeavours also depended on the international situation, and appreciated the foreign policy steps of Greece that served lasting peace and the strengthening of security.

Karoly Grosz and Ioannis Alevris emphasized the importance of expanding relations between the parliaments of the two countries.

Then the chairman of the Council of Ministers visited the Acropolis in the company of Nikos Tecallis, deputy minister of culture.

The first meeting of Karoly Grosz and Greek Premier Andreas Papandreou took place in the prime ministerial office in the evening. The parties informed one another of the internal situation of their countries and exchanged views on international affairs.

After the talks Karoly Grosz handed over to Andreas Papandreou the rubies-studded order of banner of the Hungarian People's Republic. The honour was awarded to the Greek prime minister by the Presidential Council in recognition of his outstanding merits in developing relations between the two peoples and two countries. In return, in keeping with the practice of international diplomacy, Andreas Papandreou handed over the grand cross of the Greek Legion of honour to the Hungarian prime minister.

Then the Hungarian and Greek negotiating delegations held a plenary session with the two prime ministers in the chair.

Declarations Signed

LD270021 Budapest MTI in English 2239 GMT 26 Nov 87

[Text] Athens, Nov 26 (MTI)—As reported earlier, the two negotiating delegations headed by Prime Ministers Karoly Grosz of Hungary and Andreas Papandreou of Greece held a plenary session in Athens late in the evening on Thursday. Karoly Grosz and Andreas Papandreou signed a declaration on the development of friendship and cooperation between the Hungarian People's Republic and the Hellenic Republic.

The document is based upon the principle of the sovereign equality of states, the generally recognized norms and principles of international law, in keeping with the UN Charter, the Helsinki Final Act and the final document of the Madrid follow-up conference.

The declaration is the first document of this kind signed by a NATO member country and Hungary. It takes a firm stand for the cessation of military conflicts in the various regions of the world and for the peaceful settlement of disputes between states. The declaration emphasizes that the two countries actively contribute to the halting of the arms race, the prevention of its extension to outer space, the abolition of nuclear and chemical weapons and the reduction of conventional weapons, with the ultimate goal of general and complete disarmament under strict and successful verification. The two countries advocate a full ban on nuclear tests and the establishment of nuclear and chemical weapon-free zones in Europe and other parts of the world.

Hungary and Greece actively contribute to the full abolition of nuclear weapons in Europe and the reduction of conventional armed forces to the lowest possible level.

Greece supports the establishment and development of economic relations between the Hungarian People's Republic and the European Communities, on the basis of equality, reciprocity and non-discrimination.

At the plenary session Laszlo Kovacs, deputy foreign minister, and Atnanasios Dimitrokopoulos, state secretary in charge of press affairs and information, signed an agreement on cooperation in information. The agreement envisages broader cooperation between the mass media, and more regular exchange of radio and TV programmes.

Imre Vincze, deputy minister of internal trade, and Nikos Skoulas, deputy minister of national economy and president of the Greek Tourism Office, signed an agreement on touristic cooperation. The agreement envisages the development of organized tourism and the simplification of administrative procedures related to travels.

Karoly Grosz, chairman of the Council of Ministers, handed over the written message of HSWP General Secretary Janos Kadar to Andreas Papandreou, leader of the Panhellenic Socialist Movement (PASOK).

Grosz Dinner Speech

LD270028 Budapest MTI in English 2250 GMT 26 Nov 87

[Text] Athens, November 26 (MTI)—Greek Prime Minister Andreas Papandreou gave a gala dinner in honour of Hungarian Prime Minister Karoly Grosz in Athens Thursday in the evening.

The Hungarian prime minister expressed his thanks for the cordial hospitality. Concerning the talks, he said: We agreed that our continuously expanding economic, technical, scientific, cultural and touristic relations serve the interests of both peoples. We shared the view that fruitful cooperation between the HSWP and the Panhellenic Socialist Movement is a significant factor of our excellent political relations, and the regular high-level meetings play a particularly important role.

We stated with pleasure that there are no political obstacles to the further development of cooperation. The different social systems and political and economic alliance affiliations of our countries are not obstacles either. The development of Hungarian-Greek relations proves the usefulness of East-West dialogue and the reciprocal advantages of expanding cooperation.

Concerning the situation of Hungary, Karoly Grosz emphasized: We will consistently continue the reform process and economic modernization to catch up with the vanguard of international economic, scientific and technological development. We are firmly determined to preserve the solvency of Hungary as we wish to remain reliable partners also in the future. Our programme of stabilization and advance seeks to rely to a growing extent on the possibilities, inherent in international economic cooperation.

We are pleased to experience that these endeavours comply with the intentions of the Greek Government. We are convinced that it is a common interest of both countries that, relying on the experience of the existing industrial cooperations and joint ventures, the advanced forms of economic cooperation play an increasing role in our relations. I am sure that the still existing artificial obstacles can be removed. It is encouraging that today we assessed the perspectives of developing economic relations as favourable.

The development of cultural relations also strengthens mutual respect, confidence and understanding between our peoples, Karoly Grosz said. The Hungarian People's Republic, in keeping with its policy towards the national minorities, takes great care so that the Greek people living in the country could foster their mother tongue and national culture and preserve their traditions.

The great number of tourists visiting one another's country contribute to an approach between our peoples. We hope that the touristic agreement signed now gives a further impulse to these ties. We are also confident that the new information agreement will serve mutual understanding, and realistic and balanced information.

In our talks it became unambiguously clear that we maintain identical or very similar views on the issues concerning the fundamental and vital interests of mankind. As far as our efforts to halt the arms race, abolish all nuclear weapons, and build confidence between the peoples are concerned, we stand on the same side. Hungary highly appreciates the peace-loving foreign policy of the Greek Government.

The Hungarian prime minister termed it as an encouraging development that there has been a considerable improvement in Soviet-American relations which have a decisive influence on East-West ties. We hope that the December summit, and the agreement on the abolition of intermediate- and shorter-range nuclear missiles would make a beneficial impact on the international situation as a whole and create favourable conditions for an advance in other fields of arms limitation.

The content and excellent atmosphere of our talks today convinced me that Hungarian-Greek relations can be developed dynamically in all walks of life. Cooperation is a common desire of both governments and both peoples. The international conditions of that are better than ever. I am confident that the increasingly meaningful dialogue and deepening relations of Hungary and Greece serve not only the interests of the two peoples, but also the causes of peace and the detente process, Karoly Grosz said in conclusion.

27 Nov News Conference

LD280012 Budapest Domestic Service in Hungarian 1730 GMT 27 Nov 87

[Text] We shall begin our detailed reports with an account of Karoly Grosz' program in Athens today. First our special correspondent, Gabor Bankuti, reports on the day's events and then we shall give a compilation of the questions and answers at the premier's press conference.

Premier Karoly Grosz visited President Khristo Sartzetakis at noon today and conveyed to him an invitation from Karoly Nemeth; then he attended a lunch given in his honor by Ioannis Alevras, president of the chamber of deputies, at the Yacht Club. That concluded the official program in Athens. Our premier will spend the remaining 2 days getting acquainted with the country.

This afternoon he had two meetings. He met with representatives of Greek economic and business life at his hotel, the Grande-Bretagne. Before that, however, he met with representatives of the press and told them about his experiences. He gave a brief statement on the outcome of the talks and answered questions.

[Begin recording] [Grosz] I would like to use this opportunity to thank the Greek press for the intensive and objective information work with which it prepared our trip. I would like to say first of all that we are extremely pleased with the outcome of our negotiations. The purpose of our trip was to repay the visit which the premier paid to Hungary in 1983, to reaffirm our willingness to cooperate, to become acquainted with each other's positions on topical issues and first and foremost to seek the possibilities of further economic cooperation. I have to tell you that we have achieved all the goals which we set for ourselves. We have conducted cordial, warm, open and frank discussions and reached the conclusion that all the conditions are given for further developing our relations.

[Unidentified correspondent] Mr Papandreou and you surveyed international issues. What is the position of the Hungarian government on the Cyprus question? My question is on behalf of the evening Magazine program of Hungarian Radio.

[Grosz] The position of the Hungarian government on the Cyprus question has been clear and unequivocal for a long time. Our position has not changed. We support the independence, unity, and nonalignment of the country. We are convinced that the disputes and conflicts must be settled by peaceful means. We shall use all the possibilities available to us to support the position of the Greek Government.

[Unidentified speaker] A Greek lady journalist asked about our country's relations with the Common Market and asked what sort of relations we would like to have with the EEC.

[Grosz] Negotiations have been underway for several years with representatives of the Common Market. We did not ask for membership but for a contractual relationship which would eliminate the detrimental discriminations, paying regard to the fact that we have been a member of gatt for 15 years.

[speaker] Another Greek journalist asked whether the difficult economic situation of our country would make it necessary to review some of our long-held views.

[Grosz] In the interest of solving our economic problems we are planning to speed up the implementation of the management and reform planned earlier. In 1988 we

shall introduce a new system of taxation, from 1989 we shall carry out a wages reform. Also from 1989 onwards we want to introduce a reform of social policy and pensions; and, if we have sufficient strength, in 1990-91 we shall undertake a price reform, continuing the present price modifications.

[Correspondent] On the basis of the current negotiations, how do you evaluate the possibilities for the strengthening of economic and trade relations and are there any promising specific developments in this sphere?

[Grosz] Compared to 1981, bilateral trade has decreased by 50 percent. There are two fundamental reasons for this. One of them is Greece's membership of the EEC. This had a detrimental effect particularly on the export of Hungarian agricultural produce. Secondly, the percentage of orders by the Greek state as a proportion of the orders as a whole has significantly decreased. It follows from this that in the period to come we shall endeavor to ensure that trade should be balanced, but at a higher level. We have made concrete proposals. One of these concerns the repair of our Ikarus buses here in Greece and the joint manufacture of Ikarus buses here.

We can also find certain possibilities for participation in the national program for the structural transformation of the Greek economy. One of these is the electrification of the railways. Hungary produces a large volume of good-quality electric trains. We have made an offer, a very favorable one, since we would be ordering wagons and buying tobacco in return. Another such area is the Greek-Soviet alumina-aluminum agreement being prepared. Forms of cooperation must also be enriched. We regard the establishment of joint enterprises as the main form in the future. The three joint enterprises which have been established so far are functioning successfully and our specialists are now working on the establishment of an enterprise for the organization of joint enterprises. In our judgement the more thorough acquaintance with the markets on both sides, the linking of shared risk, shared possibilities and shared resources can be the road along which we can implement this program for development. Thank you for your attention and I wish you successful work. [end recording]

Arrival in Crete

LD282043 Budapest MTI in English 1935 GMT 28 Nov 87

[Text] Iraklion, Nov 28 (MTI)—Saturday afternoon Hungarian Prime Minister Karoly Grosz, currently on an official visit in Greece, left Athens for Iraklion on Crete Island.

Earlier in the day the Hungarian head of government paid a visit to the Corinth Channel to inaugurate the memorial table of Istvan Turr and Bela Gerster, Hungarian designers of the channel. Following, Karoly Grosz and party sailed along the channel and saw the ancient city of Corinth and the local museum.

In the afternoon the Hungarian prime minister left for Crete by the special plane of the Greek Air Company. Karoly Grosz was seen off at Athen's International Airport by Greek Prime Minister Andreas Papandreou amid military honours.

The chairman of the Council of Ministers was welcomed at the airport of Iraklion by the provincial leader of Crete.

Trade Prospects Assessed

LD292318 Budapest Domestic Service in Hungarian 2100 GMT 29 Nov 87

[Text] Prime Minister Karoly Grosz has arrived home from his 4-day long official visit to Greece. Gabor Bamkuti, our correspondent there, has asked him to assess the negotiations:

[Begin recording] [Bamkuti] How would you sum up the results and experiences of your visit to Greece?

[Grosz] From a political point of view, it was exceedingly useful. We support the foreign policy endeavors of the Greek Government. It is our conviction that Greece serves, in addition to the national interest, the international interests as well; for it pursues, in an unambiguous manner, a policy of peace. The economic results are not insignificant either, I hope. We have held consultations on very many subjects and exchanged views. It appears that our commercial turnover, which has been halved since 1981, may be gradually restored, or at least it is possible to start to increase the turnover. I use the term, I hope, because although the two governments support in principle economic cooperation, it is after all the task of the enterprises to effect it in practice.

In Hungary, as well as here in Greece, I found among the businessmen that there is (?such) a concept about the role of the government in shaping the economic processes. The government can shape the general political economic conditions for the development of cooperation, but the concrete business deals must be concluded by the enterprises themselves. Precisely adhering to the product quality and to delivery dates must be undertaken not by the government but by the firms themselves. I feel that in, this regard, we Hungarians have great shortcomings. It was a little bit awkward for me when in the course of meeting economic leaders and businessmen I heard very polite and cultured critical remarks about the work of Hungarian enterprises, principally because they do not keep delivery dates, because they are not sufficiently mature or correct partners in preparing work for business deals, or because the quality is not consistent.

Delegations come out from Hungary to fairs—industrial and commercial fairs of traditionally great international repute are held here in Greece—really, I don't even know what these delegations spend their time on if they are unable even to reply by letter to the subjects covered

during the discussions. It is intolerable. It bestows a bad name not only on that particular firm—although that is damage in itself—but gives a bad name to the whole of Hungarian industrial activity and commercial culture. However, I think that if the enterprises will have the ambition, readiness to act, and agility, then the negotiations carried out just now will ensure a better system of contacts, greater room to maneuver for them—in other words, there is a possibility of working together.

I have experienced a very great interest here in the new enterprise forms. They look very sympathetically at these, particularly the joint enterprise form. I also said during the discussions that as far as we are concerned we intend to develop cooperation in the direction of small- and medium-sized enterprises because we feel that it is these that are more flexible and agile. What's more, we can also conceive that small industry too can get involved somewhere and in the organization of this the chambers of commerce may play a very great role. Here the chairman of the Chamber of Commerce expressed their intentions and endeavors. [end recording]

Greek Reportage on Visit

For Greek media reportage on the visit of Karoly Grosz, chairman of the Council of Ministers, to Greece, including his talks with Greek President Khristos Sartzetakis and his delegation's economic meetings which resulted in a joint statement on the expansion of friendship and cooperation, see the Greece section of the 27 November West Europe *Daily Report* and subsequent issues.

Further on Nemeth Latin America Tour

Communique on Uruguay Visit

AU262004 Budapest NEPSZABADSAG in Hungarian 24 Nov 87 p 3

[MTI communique on visit by Karoly Nemeth, president of the Presidential Council, to Uruguay from 19 to 23 November: "Joint Communique on Karoly Nemeth's Visit in Uruguay"]

[Text] Karoly Nemeth, president of the Presidential Council of the Hungarian People's Republic, paid an official visit to the Oriental Republic of Uruguay between 19 and 23 November, at the invitation of Julio Sanguinetti, president of the Republic.

At their talks held in a cordial atmosphere of mutual understanding, the two heads of state analyzed the relations between the two countries and the possibilities of expanding them. They exchanged views on topical international issues, among other things, on issues related to peace and security in Latin America.

The two heads of state confirmed that their governments fully respect the UN Charter and the norms of international law regulating the relations between states—thus the equality of sovereign states, their territorial integrity, the right of people to self-determination, and non-interference in the internal affairs of other countries—and regard them as the basis of relations between their two countries.

They voiced the intention of their countries to continue to actively contribute to the efforts aimed at maintaining world peace and to the peaceful settlement of controversial issues. They condemned the use of force and the threat of force. They regard it necessary to curb the arms race and prevent its extension to outer space. They welcome the Soviet-U.S. summit meeting and the agreement in principle to eliminate the medium-range operational-tactical missiles, as the first major step toward nuclear disarmament. They stressed the need to fully observe the arms limitation agreements, including the ABM treaty.

They confirmed the intention of their governments to respect and promote the assertion of human and other fundamental rights, and to reject discrimination and all forms of racial discrimination. They condemned the apartheid policy of the Republic of South Africa and support the just struggle of the Namibian people for the assertion of its right for self-determination and for its independence.

With respect to the Central American crisis, the two heads of state welcomed the agreement of the countries concerned which was recently concluded in Guatemala City, and took a stand in favor of its full implementation. They expressed their conviction that a just and lasting peace in the area can be achieved only by respecting the sovereignty of the countries concerned, and the self-determination, justified interests, and national dignity of the peoples of the area. The Hungarian side highly appreciated the outstanding role and reconciliatory activity of the Contadora countries and of the Lima support group, including Uruguay, activities that considerably contributed to establishing the conditions for settlement.

With respect to the Malvinas Islands, they ensured support of Resolution No 40/21 of the UN General Assembly. They urged the soonest possible peaceful settlement of the problem by means of negotiations, as well as the creation of a zone of peace and cooperation in the southern part of the Atlantic, as proposed by the countries in the region.

The two heads of state voiced their conviction that, as a result of the lasting efforts of the peoples and governments of the continent, the conditions of security and cooperation in Europe are improving. The trends emerging in the spirit of Helsinki can offer new impetus to the all-European process and can lead to a situation when the European Continent is increasingly characterized by an atmosphere of confidence and mutual understanding.

The two heads of state agreed with the need for a just and lasting peace in the Middle East based on UN resolutions, and they stressed that all the peoples in the region have the right to live within secure and recognized borders. The legitimate rights of the Palestinian people, including the right to self-determination, must be respected. The two heads of state reiterated their support for an international conference to be held under the auspices of the United Nations and with the participation of all the interested sides.

The two heads of state expressed their concern over the terrorist actions, including state terrorism. They condemned all forms of terrorism and regard it necessary to take a stand againt it with all lawful means.

They concluded that the detrimental discrimination affecting many countries greatly contributed to the insecure situation of international trade in agricultural products.

They pointed out that the GATT conference held in Punta Del Este in September 1986, and the work begun at the last session of the UNCTAD contribute to developing a new attitude which promotes the solving of world economic problems in an advantageous way for all.

The two heads of state believe that the global problem of foreign debt must be solved by joint responsibility and by including all the sides concerned, and the cooperation of the debtor and creditor countries and the international financial institutions. A just reorganization of international relations should play an important role in this process.

Reviewing Hungarian-Uruguayan relations, the two heads of state attached outstanding importance to extending the turnover of goods based on mutual advantages. The two countries are trying to discover, and to make a better use than previously of the possibilities of the traditional cooperation, and also to use more modern forms of cooperation, primarily in the textile industry, medical instruments production, and the new branches of biotechnology with new prospect. In order to expand the relations between the two countries, they encourage the creation of direct cooperation between enterprises and institutions in the field of industry, agriculture, trade, services, and air transportation. In order to ease cooperation, they stipulated the signing of an agreement eliminating double taxation.

They agreed that it is expedient to analyze the possibilities of technological cooperation in order to institute an exchange of professional experience and technological procedures in areas of mutual interst.

Attributing great importance to the expansion of cooperation in the area of culture, science, and education, the two sides exchanged the documents on ratification of the Hungarian-Uruguayan cultural, scientific, and educational cooperation.

They stressed that traditional friendship, mutual sympathy, and respect between the peoples of the two countries serve as a good example of the opportunities for cooperation between countries of different social order.

The two heads of state evaluated Karoly Nemeth's visit in Uruguay as fruitful, a visit that has contributed to the expansion and deepening of relations between the two peoples and states. Karoly Nemeth thanked his host for the cordial and warm reception extended to him and his entourage. Karoly Nemeth invited President Julio Sanguinette for an official visit in Hungary, and he accepted the invitation with thanks.

Meeting With Emigres in Argentina

LD250926 Budapest MTI in English 0651 GMT 25 Nov 87

[Text] Buenos Aires, November 25 (MTI)—Tuesday evening in the Hungarian Embassy in Buenos Aires, Karoly Nemeth, president of the Presidential Council of the Hungarian People's Republic, met with the representatives of the Hungarian emigration living in Argentina and loyal to Hungary, and held a lengthy discussion with them.

Karoly Nemeth is to meet once more with President of the Republic Raul Alfonsin Wednesday afternoon, Hungarian time. They are to be present for the signing of the Hungarian-Argentinian joint communique on the development of economic cooperation.

This will mark the end of the visit to South America of the president of the Presidential Council. Karoly Nemeth and his party are to return to Budapest from their tour in Brazil, Uruguay, and Argentina Wednesday evening.

Argentine Trade Ties Noted

LD251615 Budapest MTI in English 1425 GMT 25 Nov 87

[Text] Buenos Aires, Nov 25 (MTI)—On the occasion of the official visit to Argentina of Karoly Nemeth, president of the Presidential Council of the Hungarian People's Republic, Minister of Foreign Trade Peter Veress and Juan Ciminari, state secretary of industry and foreign trade, exchanged views on developing economic and commercial relations between the two countries. They agreed in the necessity of promoting steps with which a higher standard, growing, diversified, dynamically balanced and reciprocally advantageous bilateral goods turnover can be attained. The two sides noted that there is a realistic opportunity to attain these goals.

The sides stressed they attach importance to the continuation and extension of relations between Hungarian and Argentinian firms. Besides the traditional frameworks and forms, new and constructive conceptions have to be realized which include the possibilities of founding joint ventures and mixed companies on the markets of the two countries, or a joint stand in third countries.

The Hungarian side reiterated that it is interested in realizing the plans on which it is currently in talks with the Argentinian private sector, several provinces and state companies. Special mention among these was made of the deliveries of hospital installations, railway rolling stock, provincial telephone centres, educational installations and containers, with the participation of Argentinian industry.

The Argentinian side stressed its interest in increasing the share of its industrial products on the Hungarian market, and in maintaining and extending exports of its traditional products.

The sides agreed in the extension of industrial cooperation between Hungarian and Argentinian companies, for which opportunities are offered in the fields of chemical industry, pharmaceutical industry, vehicle industry, and the production of machine tools and agricultural machines.

In conclusion the two sides noted that relations between the commerce and industrial chambers of the two countries, and the mutual visits of their entrepreneurs and traders, mutual participation in the fairs and exhibitions held in the two countries can mean effective cooperation forms which promote bilateral trade turnover. The sides agreed to promote and develop these relations in the interest of a better knowledge about the economic potentials of their countries.

Nemeth, Alfonsin Meet

LD252236 Budapest MTI in English 1532 GMT 25 Nov 87

[Text] Buenos Aires, Nov 25 (MTI)—Wednesday morning (local time) Karoly Nemeth and Raul Alfonsin held a further discussion at the Olivos residence of President Raul Alfonsin of Argentina. Following, Peter Veress, Hungarian minister of foreign trade, and Juan Ciminari, Argentinian secretary of state for industry and commerce, signed the joint communique on the economic cooperation of the two countries, as the closing event of Karoly Nemeth's visit.

Communique on Visit

LD262100 Budapest MTI in English 1814 GMT 26 Nov 87

["Communique on Karoly Nemeth's Visit to Argentina"—MTI headline]

[Text] Buenos Aires, November 26 (MTI)—Karoly Nemeth, president of the Hungarian Presidential Council, paid an official visit to the Republic of Argentina November 23-25 on the invitation of President Dr Raul Alfonsin.

During the talks, held in the spirit of friendship and mutual understanding, the two heads of state informed each other on the internal situation and foreign political endeavours of their countries, and exchanged views on bilateral relatons and the most important international issues. The visit has contributed to the expansion of links between the two peoples and countries.

The parties to the talks stated that the relations of the two countries are settled. They pointed out the possibility for continuous ties between the parliaments, state institutions and social organizations, and expressed the readiness of their countries to develop mutually advantageous economic cooperation and broaden contacts in the fields of culture, science, tourism and sport. For the strengthening of commercial-economic ties, it is necessary to adopt new forms of cooperation, including industrial cooperation, exchange of technologies and formation of joint ventures. In this respect good opportunities present themselves, for instance, in container production, vehicle manufacture and the chemical industry. The parties attached importance to the participation of the Argentinian private sector in the trade and economic relations of the two countries.

The two countries hold identical or highly similar positions on key issues of international politics. Both states assess favourably the role of the United Nations Organization in international life, and regard the UNO as instrumental in the maintenance of international peace and security. It was stressed at the talks that strict observance of the principle of the countries' sovereignty or non-interference with each other's internal affairs is indispensable in inter-state relations.

The two heads of state termed it as hopeful that a new way of political thinking and a new approach to problems are gaining ground in the international life. They welcomed the deepening dailogue between the two great powers, and expressed their satisfaction that the agreement on the abolition of medium-and shorter-range missiles might be concluded in the forthcoming summit.

Karoly Nemeth highly appreciated the positive part played by Argentian in the Lima group supporting the Contadora, and President Raul Alfonsin's personal role in the efforts aimed at establishing a nuclear-free world, and better understanding and cooperation between the nations.

President Alfonsin highly appreciated Hungary's development, and its active foreign policy in Europe and the world. He expressed sympathy with the Hungarian reforms aimed at the modernization of the economy. President Alfonsin appreciated the lasting contribution of Hungarian immigrants to the development of Argentina in the various fields.

The two heads of state condemned all forms of economic discrimination. They emphasized that the debt problems hitting the developing countries can only be settled through a global approach, considering the interests and mutual responsibility of the creditor and debtor countries. The settlement of debts should not endanger the future development of the debtor countries. The parties pointed to the close interdependence between disarmament and economic development, and supported the establishment of a new, equitable, universal and just international economic order.

The common interest makes it possible and necessary for the representatives of the two countries to hold consultations and cooperate in the international organizations, including the cairns group representing the interests of agricultural exporter countries.

The parties welcomed the latest Guatemala peace agreement of the heads of states of the five Central American countries. Concerning the issue of the Falkland (Malvin) islands, the parties supported the resolution no 40/21 of the UN General Assembly. They called for the soonest possible peaceful and negotiated settlement of the issue, and the establishment of a zone of peace and cooperation in the southern Atlantic as proposed by the countries in the region. They pointed out that the settlement of debated issues through negotiation should be made a governing principle of international relations.

The members of Karoly Nemeth's party held talks with their Argentine partners on concrete issues of bilateral relations. During the visit an agreement was signed on regular consultations between the two foreign ministries, the first office in South America of the MTI Hungarian news agency was opened in Buenos Aires, and the ratification documents of the veterinary health agreement were exchanged.

Peter Veress, minister of foreign trade, and Juan Ciminari, Argentine state secretary of industry and foreign trade, signed a statement on economic cooperation.

Karoly Nemeth invited Dr Raul Alfonsin for an official visit to Hungary. The Argentine president accepted the invitation with thanks.

Nemeth Departs Buenos Aires

LD252312 Budapest MTI in English 2223 GMT 25 Nov 87

[Text] Buenos Aires, November 25 (MTI)—Concluding his official visit to Argentina, Karoly Nemeth, president of the Presidential Council, left Buenos Aires for his return to Hungary on Wednesday. At the Jorge Newberry airport of the Argentine capital Karoly Nemeth was seen off by President Raul Alfonsin.

Returns to Budapest

LD262045 Budapest MTI in English 1747 GMT 26 Nov 87

[Text] Budapest, November 26 (MTI)—Karoly Nemeth, president of the Presidential Council, who had paid official visits to the Federative Republic of Brazil, the Eastern Republic of Uruguay and the Argentine Republic at the invitation of presidents Jose Sarney of Brazil, Julio Maria Sanguinetti of Uruguay and Raul Alfonsin of Argentina, returned to Budapest on Thursday. On his tour the Hungarian head of state was accompanied by his wife, his party included Peter Veress, minister of foreign trade, State Secretary Rezso Banyasz, president of the Information Office of the Council of Ministers, Gabor Nagy, deputy foreign minister, Istvan Doboczky, deputy minister of Agriculture and Food, Istvan Kortvelyes, deputy minister of industry, and Hungarian ambassadors Gabor Suto to Brazil, Laszlo Major to Uruguay and Marton Klein to Argentina.

At Budapest's Ferihegy Airport Karoly Nemeth met Rezso Trautmann, deputy president of the Presidential Council, and Peter Varkonyi, foreign minister. Celso Diniz, Brazilian ambassador to Hungary, Gualberto Manuel Talamas Lopez, Uruguayan ambassador to Hungary, and Guillermo Roberto Rossi, charge d'affaires ad interim of Argentina to Hungary, were also in attendance.

Sarlos, Delegation Pay 2-Day Visit to SRV

For Budapest MTI and Hanoi VNA accounts of the visit to Vietnam by a National Assembly delegation led by Assembly President Istvan Sarlos, including Sarlos' meetings with his Vietnamese counterpart Le Quang Dao and other SRV leaders, see the Vietnam section of the 30 November East Asia *Daily Report* and subsequent issues.

PRC Culture Minister Arrives for Talks

LD011001 Budapest MTI in English 1800 GMT 30 Nov 87

[Text] Budapest, November 30 (MTI)—A Chinese cultural delegation, led by minister of Culture Wang Meng, arrived in Budapest Monday, meeting an invitation from Minister of Culture and Education Bela Kopeczi. The Chinese delegation is to hold talks on further developing Hungarian-Chinese cultural relations, and will be familiarized with the work of several cultural institutions, and will meet with leading personalities of Hungarian cultural life.

Nemeth Greets Alia on Albanian National Day

AU301133 Budapest NEPSZABADSAG in Hungarian 28 Nov 87 p 2

[Unattributed report: "On Albania's National Day—Greetings Telegram Sent by President of the Presidential Council"]

[Text] On the occasion of the national day of Albania, Karoly Nemeth, president of the Presidential Council, sent the following telegram of congratulations to Ramiz

Alia, chairman of the Presidium of the People's Assembly of the Albanian People's Socialist Republic.

"On the occasion of the national day of the Albanian people, the 43rd anniversary of the liberation of Albania and the 75th anniversary of the declaration of national independence, on behalf of the Presidential Council of the Hungarian People's Republic and on my own behalf I send my greetings to you and the Presidium of the People's Assembly of the Albanian People's Republic.

I take this opportunity to repeatedly confirm, on this outstanding historical anniversary, our intention to develop the cooperation between the two countries in the interest of socialism and peace.

I wish further successes to you, the Presidium of the People's Assembly of the Albanian People's Socialist Republic, and to the Albanian people who are active in making their country flourish and in constructing socialism."

Albania is commemorating a double national day: 75 years of independence and 43 years since the liberation army led by the communists cleared the country of the fascist occupation.

These two dates tell a lot about the country. The first date shows that history decided that this ancient nation in Europe would regain its statehood only in the 20th century. The Albanians became a nation in the struggle against the Ottoman Empire, and then, following the Balkan Wars, they were able to found a state; the real development, however, began in the country only following the liberation in 1944. Accepting the construction of socialism determined the development and transformation of this country in the most backward corner of Europe, where the traditions of tribal past and religious division were still very strong and where the fascist occupation also caused considerable damage.

In the more than 4 decades since the liberation, illiteracy has ceased to exist in Albania, schools have been built everywhere, villages now have electricity, industry has been developed, and socialist agriculture has been increasingly supplying the population with products. The value of all these results is shown precisely by the backward state this country started from. The latest AWP Congress took a stand in favor of a balanced economic and social development and a more expanded cooperation with foreign countries.

It is a well-known fact that, more than 25 years ago, the relations between Albania and the majority of the European socialist countries were curtailed and cooperation in several important areas stopped. We are confident that we can count on changes in this respect too, and the exchange of goods that has been developing well so far will increase in new areas of cooperation between our countries.

In Hungary, there is great interest in the development of the Albanian People's Socialist Republic, in its increasing economic, political, cultural, and tourist relations with an increasing number of countries, and in its readiness to send its foreign minister, within the framework of cooperation in the Balkans, to the meeting of the countries in the area.

We greet the working people of Albania on their national day.

Hungary-GDR Economic Commission Meets

LD302143 Budapest MTI in English 1830 GMT 30 Nov 87

[Text] Budapest, November 30 (MTI)—The 25th session of the Hungary-GDR Economic and Technical and Scientific Cooperation Commission was held Monday in Budapest.

Participants of the session evaluated the state of implementing the long-term programme of developing economic and technical and scientific cooperation until the year 2000 signed at the October 1985 meeting between the general secretary of the HSWP and the general secretary of the Central Committee of the Socialist Unity Party of Germany. They stated that advance has been made in technical-scientific cooperation, in the fields of production specialization and production cooperation, in deepening direct relations between the complexes, companies and institutions. They held it necessary to strengthen traditional production relations, and to continue the existing production specialization agreements and cooperations. In accordance with the resolution of the commission, 37 contracts have been established, or prolonged to date. Measures continue to be worked out which aim at realizing the new cooperation opportunities in several areas, including robot-technology, the development of automatized flexible producing systems, and biotechnology. Both national economies have achieved major results in the reduction of energy and material consumption, the introduction of new technologies, the improvement of new plant species in agriculture, and in replacing convertible import.

Evaluating the development of bilateral goods turnover for 1987, it was stressed that both sides should make efforts to accelerate the pace of fulfilling the contracts for 1987, and to realize by the end of the year a balanced turnover that accords to the estimates of the annual protocol. Jozsef Marjai, deputy chairman of the Council of Ministers of the Hungarian People's Republic, and Wolfgang Rauchfuss, deputy chairman of the Council of Ministers of the German Democratic Republic, the co-chairman of the commission, signed the protocol summing up the results of talks held during the jubilary [as received] session.

Karoly Grosz, chairman of the Hungarian Council of Ministers, Monday met Wolfgang Rauchfuss. Present at the cordial, friendly discussions were Jozsef Marjai, and Istvan Roska, Hungarian ambassador to the GDR, and Karl-Heinz Lugenheim, ambassador of the GDR to Hungary.

The Presidential Council of the Hungarian People's Republic has awarded the Order of Star adorned with golden wreath of the Hungarian People's Republic to Wolfgang Rauchfuss, in recongition of his outstanding activity for the cooperation of the two countries. The decoration was presented by Jozsef Marjai.

Grosz Receives Rauchfuss

LD302153 East Berlin ADN International Service in German 1900 GMT 30 Nov 87

[Text] Budapest 30 Nov (ADN)—GDR Deputy Premier Wolfgang Rauchfuss, who is in Hungary for the 25th session of the GDR-Hungary Joint Economic Committee, was received by Hungarian Premier Karoly Grosz in Budapest today for a friendly talk. The two men briefed one another on the economic results in their countries and on further tasks in developing their national economies. Both sides paid tribute to the 25 years that the joint economic committee has existed and to its contribution to the shaping of bilateral relations. They said that the long-term program of economic and scientific-technical cooperation up to the year 2000, signed by Erich Honecker and Janos Kadar in October 1985, is being well implemented.

Both sides expressed their intention of further strengthening the joint efforts to intensify their economies in all areas. This should be accomplished by deepening scientific-technical cooperation on a contractual basis and, thus, by contributing to the further expansion of the socialist economic integration of the socialist community of states.

In this connection, they both acknowledged the stipulations of the 43d (extraordinary) CEMA meeting and gave an assurance that they will actively contribute to their realization.

The GDR-Hungary Joint Economic Committee held its consultations today, chaired by Wolfgang Rauchfuss and Jozsef Marjai. The two sides noted that cooperation in science and technology has deepened. Measures for further deepening cooperation, especially in key technologies such as microelectronics, automation technology, and biotechnology were agreed on.

The committee discussed the state of specialization and cooperation, which played an important part in increasing mutual trade. It was noted that in the past year further progress in the signing of specialization and cooperation agreements for the period 1986-90 has been made. This applies particularly to products of the engineering, electrotechnical/electronomic, and chemical industries. It was agreed to bring to a conclusion the further proposals for specialization and cooperation that are with the committee's working groups. The committee positively assessed the direct cooperation between combines and institutes. The consultations were held in a comradely atmosphere.

On behalf of the Presidential Council, Jozsef Marjai presented Wolfgang Rauchfuss with the Star of the Hungarian People's Republic with Gold Wreath, in honor of outstanding services for the development and deepening of cooperation between the two countries.

Marjai Sees Rauchfuss Off

LD302155 Budapest MTI in English 1922 GMT 30 Nov 87

[Text] Budapest, November 30 (MTI)—Wolfgang Rauchfuss, deputy chairman of the Council of Ministers of the German Democratic Republic, left Budapest Monday. He was seen off at Ferihegy Airport by Jozsef Marjai. Also present were Istvan Roska, Hungarian ambassador to the GDR, and Karl-Heinz Lugenheim, ambassador of the GDR to Hungary.

Average Food Prices Expected To Rise in 1988

LD260944 Budapest Domestic Service in Hungarian 0900 GMT 26 Nov 87

[Text] Foodstuffs will be 10-12 percent more expensive on average in Hungary in 1988. Within this, the price of pork will increase by 13 percent while that of the beef will go up by 10-11 percent as the consumer price subsidy ceases. This among other things has been discussed today at the consultation of price experts of the National Council of Consumers. It was voiced at the committee session that a price increase of about 10 percent should be expected regarding sausage and a 15 percent increase regarding poultry.

Nemeth Reviews Economic Situation

LD271628 Budapest MTI in English 1200 GMT 27 Nov 87

[text] Budapest, November 27 (MTI)—Miklos Nemeth, secretary of the Hungarian Socialist Workers' Party Central Committee, outlined the country's economic situation in the latest issue of the economic weekly *Figyelo* (Observer). He writes: "So far in the year, certain positive changes were experienced as compared to the deteriorating tendencies of the economic processes in the years 1985-1986. Industrial production has become more lively, however, elemental disaster again inflicted agriculture. A favourable fact is that convertible-accounting exports showed a greater increase than imports. However, there is still a deficit in goods turnover balance, the debt stock has increased, but in a slighter degree than last year. The deficit in rouble-accounting turnover was smaller. Domestic consumption was

greater than planned, retail trade turnover rose considerably. Company purchasing power surpasses that calculated, investments showed a greater growth than planned. The deficit of the state budget is smaller than planned, as the effect of central measures to reduce expenditures.

"The situation of national economy at the end of 1987 is expected to be more unfavourable than was supposed by the Central Committee and the government programme. Therefore, efforts in the remainder of the year should be concentrated on making the difference as small as possible, most of all to achieve that the deficit of the convertible-accounting foreign trade and the current payments balance be as small as possible, that it not surpass 200 million, and 1,000 million dollars."

In the following Miklos Nemeth noted that, with respect to preparations for next year, some of the companies have adopted a wait-and-see attitude, and strive for more powerful price settlements, and try to delay a part of convertible exports to next year. Progress in the exploration of socialist import opportunities, and in strengthening longer-term cooperation with capitalist firms, is hardly perceptible.

"The termination of loss-making activities has not been successfully accelerated. Due to a characteristic mesh of interests, neither the partner companies, nor the commercial banks make use of the opportunities offered by the legal measures to take steps against the loss-making units. This delays advancement and calls attention to the fact that a firmer political and governmental stand is needed to launch changes."

Miklos Nemeth also writes about the introduction of the new tax system, the price raises for next year, and the related purchasing wave. He states that the comprehensive change of the tax system has caused transitory problems everywhere, for instance in Greece and Spain, however, domestic preparation could have been more far-sighted. Naturally, economy is not capable of preparing for purchasing of such dimensions. The shortage had to be endured, with the exception of daily articles, over several weeks, he notes and states that the socialist countries offered assistance in the delivery of various goods over the quotas, and for extending assortment. Most important of these was the Soviet offer worth 100-120 million transferable roubles.

Information Chairman Holds News Conference

AU251036 Budapest MAGYAR HIRLAP in Hungarian 20 Nov 87 pp 1,5

[Correspondents' report on press conference held by Jeno Nemeth, deputy chairman of the Government Information Office, and Deputy Finance Minister Laszlo Bekesi, on the session of the Council of Ministers held on 19 November: "Passport Valid to All Countries in the World—The Council of Ministers Held a Session"]

[Excerpt] [passage omitted]

[Magyar Hirlap correspondent] The government has also reexamined the operation of background organizations managed by the councils. What lies behind this term and why was it reexamined?

[Nemeth] Of the 15,000 institutions managed by the local councils, we call 1,230 background institutions, institutions that do not serve the population exclusively and directly, but which also carry out state administration and public authority tasks. There are three groups of such institutions: background institutions, like, for example, the pedagogical institutions and education advisory organs; supply and catering organizations; and the professional management institutions, like, for example, the land authorities.

The examination made it clear that the tasks can be carried out more efficiently in other organizations, and therefore there is a need to clean up their profiles. Some of the administration bodies tried to ease their burden in the past by passing certain state administration tasks onto the background institutions. Their efficiency was also not the best, although they can considerably increase their incomes by expanding the services provided to the population and other services. At the same time, they can also ease the burden of the state budget. As for the health care and education organizations that make up the bulk of the circle of institutions, and which provide services to the population, their evaluation is still underway.

Summing it all up: In any case, it is justified to put an end to the independence of some 100-200 institutions, and to introduce a more rational distribution of tasks.

As a result, it will be possible to reduce the staff by almost 800-850 people and we can save 200-220 million forints. Reorganization will take place partly within this year, and partly at the end of next year. The councils will be independent in making use of the released manpower and the money saved.

[Magyar Hirlap correspondent] The government has been following the situation of Lake Balaton with great attention for some time, and also the activity to improve the lake's situation. The Central People's Control Commission informed the public about the issue on the basis of the survey it carried out in the summer. How would you sum up the experience?

[Nemeth] The latest survey in question evaluated the situation of Lake Balaton on the basis of a variety of viewpoints. According to this survey there has been a considerable improvement in the central and eastern areas of the lake, while the improvement in the Keszthely area is not adequate. The survey also concluded that the previous government measures that emphasized the need to improve the water quality were correct. As a result, the deterioration in the water quality has stopped

and there's some tangible improvement in certain areas. The need to continue the activity to improve the water quality is a general public interest.

As for settlement development and the situation of various settlements, we must accept that there are only long-term prospects for the entire reconstruction of the resort area. Although, as a result of various measures, the previous fast pace of population increase in the area has slowed down, attempts to divert tourism have failed. It is characteristic of the current difficult situation that 2 years ago the summer invasion of people had already reached the level predicted by experts for the year 2000.

We succeeded in halting the rapid increase in the population of settlements along the shores of the lake, but we also have to maintain the limitations in the future. It is true that people seldom build here without a building license, but there is not adequate supervision concerning whether the houses and weekend cottages in the area were indeed licensed.

The implementation of the above-mentioned reconstruction program is slower than planned, due to lack of funds. City center development works were halted and the development of the shores was practically halted too. This, of course, has a bad effect on the quality of recreation in this area.

We succeeded in advancing slightly in the development of the infrastructure, like, for instance, in increasing the number of places in more moderately priced hotels and in campsites. The network of retail trade shops has also increased slightly. However, the results in the development of the infrastructure are also lagging behind the rapidly increasing requirements.

Finally, as regards banning or allowing construction in the area, the government continues to maintain the limitations, and at the same time it encourages a more flexible procedure for the benefit of the lake and tourism, and for the protection of historic monuments alike. On a wide scale, the concept which makes the possibility of construction conditional on the establishment of sewage water and drinking water pipes seems to be correct. This position encourages the enterprises, institutions, and the population to introduce public utilities. [Announcer] Following the government session, Deputy Finance Minister Laszlo Bekesi spoke at the press conference about the financial issues on the agenda of the session.

[Bekesi] The government discussed six financial proposals that we can essentially group around two lines of thought. The first is the complementary measures still needed for the implementation of the tax and price reform in force as of 1988. Of course, here we are talking not only about measures that do not affect the concrete substantial decisions of the laws adopted by parliament and of regulations approved by the Council of Ministers, but also about measures which are indispensable for the implementation of these laws and regulations in practice.

The Council of Ministers discussed two subjects aimed at promoting the implementation of the 1988 plan and budget of the people's economy, and which at the same time are aimed at accelerating the implementation of the program of stabilization and development. To put it concretely: The modification of the law on state finances and of the rules of its implementation can be regarded as technical, but it will answer a good number of genuine questions. This modification has become necessary for three fundamental reasons—the first: according to our plans, the structure and content of the state budget will change as of 1988; the National Assembly will decide on this at its session in December. This change will, on the one hand, create harmony with the consequences of the tax and price reforms and, on the other hand, its function is to inform the deputies more thoroughly, and make the budget structure more clear. In order to be able to implement these changes, it is necessary to modify several articles of the financial law.

The second reason: The tax and price reform has made several measures in the financial law obsolete. Here the task is to create harmony; there is no new genuine content in the regulation.

The third reason: The content and tasks of financial control are reorganized and changed; the role and functions of tax control will increase primarily as a result of the implementation of the tax laws; and this increased role will have to be incorporated in financial control in the future. Since we are talking here about technical measures aimed at creating harmony, the Council of Ministers will submit the proposals to amend the law to the Presidential Council; therefore, these proposals will not have to be discussed at the National Assembly plenum.

The second circle of subjects is the regulation of tax advisory activity. As the tax reform will also considerably expand the circle and number of taxpayers from among natural persons, citizens, enterprises, and cooperatives, it is in our fundamental interest to make sure that this advisory activity is organized, professional, and based on adequate guarantees. Therefore, we proposed that the government regulate the content of the tax advisory activity, the conditions of training experts to carry out advisory activities, the conditions of eligibility, and the requirements or possible disqualifying reasons that have to be asserted within the framework of this activity. The goal is to have people who make use of this advisory activity receive adequate guarantees that they are not given misleading information, information that is bad or damaging for them.

Here we are talking about a complex task that covers all areas of taxation, from issues concerning obligatory tax returns, administration, and accounting, to legal assistance, the system of calculating self-taxation, and all other tax control issues that could surface in the process of implementation.

This complex task does not cover the implementation of the economic units' accounting tasks, as well as their legal representation at court suits. At the same time, however, this complex task naturally covers the professional representation of the tax authorities.

The fact that professional advisory activity cannot be directed at circumventing the regulations in force is a fundamental principle. No agreement can be regarded as founded and acceptable which is aimed at achieving tax exemption, tax reduction, and reduced assessment by circumventing the valid regulations, both for natural persons or economic organizations. The regulations concerning advisory activity refer only to tax advisory activity carried out for a fee. Of course, anyone can give advice to anyone else on a friendly basis, but there is no guarantee in such advice. I must immediately mention here that the fee to be paid will be based on the agreement between the two sides and no delimited tariff will determine the amount payable for a professional advisory service.

For someone to be able to carry out such advisory activity, he has to answer at least three conditions: He must have a clean record; he has to acquire the required qualifications by means of a professional examination; and, subsequently, he has to be included in the so-called experts' list or tax advisors' list. Both private persons and associations can carry out this activity. In the case of an association, the condition is that at least one member of the association should possess professional qualifications and eligibility.

The Council of Ministers set out in detail the principles on the basis of which it authorized the finance minister to regulate separately the conditions for the professional examination itself and the methods and content of this examination. We plan to start the examination itself in the first quarter of 1988. There will be no obligatory training period or preparatory training. Each candidate will prepare himself individually on the basis of requirements, and will take a special examination at a time stipulated by the committee. The regulations of the Council of Ministers also stipulate the conditions of secrecy and incompatibility. Secrecy, of course, places those carrying out advisory activity under obligation, and there are strict regulations concerning incompatibility. The essence of these regulations is that tax experts employed in the councils' apparatus, in the central tax apparatus, or in the financial apparatus cannot carry out tax advisory activity. The next subject is the regulation, modification, correction, and final settling of supplementary taxes in 1988. The most important among these is the modification of regulations concerning income tax for household and ancillary farms, and the related tax administration procedures. It is essential that the small producers who are involved in agriculture in household and ancillary farms today, either as a hobby or on a professional basis, pay taxes on two grounds; on the one hand, on the basis of the income provided from this activity, on the other hand, on the basis of land use or land property. As of 1 January 1988 income taxation will be carried out entirely in the framework of income taxation of private workers. Thus, the household and ancillary farm income tax currently paid by the small agricultural producer will be eliminated. Concerning the issue which gives rise to the greatest fear and misconception, the tax on land use will continue to be in force in 1988. In other words, there will be no change, either concerning the size of this tax, or the circle of people obliged to pay this tax.

Therefore, producers who use areas of land larger than 1,500 square meters, or 800 square meters in the case of vines and fruit, will pay a so-called fixed land tax, the same amount as today, on the basis of the area of the land, its gold crown value, [arany korona] and the type of cultivation. Only those people whose use of land changed in either of the above-mentioned criteria have to file tax returns by 1 March 1988. Those producers whose requirements are unchanged and who use land in the same way will pay the same tax from 1988. I will mention here that two secondary taxes—but, nevertheless, taxes that represented a burden in this field—will be eliminated: the statutory tax on power agricultural machines and on horses, and the tax on mules. No other tax will replace these taxes.

Following a "long struggle" the tax on dogs will be entirely eliminated as of 1 January 1988. The fees paid for vaccinating dogs will cover the present income from the dog tax, fees paid in a simplified form, as stamps. Therefore, there will be no tax on dogs and no complicated records, but the fee will be paid when the dog is vaccinated.

As regards the tax administration procedure, all that will happen is that the regulations concerning tax procedures that are retained by the councils will be fully synchronized with the regulations concerning the new tax administration procedures that emerge as a result of the tax law.

The tax reform will also include the regulations concerning concrete methods of taxing saving accounts in 1988. Of course, there is no change in content here from the procedure declared in the course of the tax reform; the Council of Ministers has now regulated the technical implementation of this tax. The essence of this regulation is that in 1988 financial institutions will pay the tax on the interest on saving accounts, on a financial-institution level and in an accumulated way; thus, in 1988 citizens will not notice that some kind of tax is being levied on the interest paid on their saving accounts. This will burden the profit of the financial

institutions, and it will be charged to the financial institutions account. As stipulated in the law, the increase in the interest paid on savings accounts and, subsequently, the taxation per savings account, will take place in 1989.

Following the tax reform, the government dealt with two issues on the agenda which are aimed at laying the foundations for the goals and processes of the people's economy for 1988 in two special areas, and at accelerating the changes in the economy which are indispensable for the implementation of the program of stabilization and development declared in September 1987. The guidelines promoting a more consistent use of the liquidation procedure and the authorization given to the ministers of the various sectors of the economy by the government at its meeting today are very important. A law regulated the procedure concerning the settling of losses in 1986. This year's experiences are not satisfactory. Progress is extremely slow, and the requirements regarding the liquidation procedure and the settling of losses are asserted only in a narrow scale. As a result, so far this procedure has not facilitated the structural reorganization of the economy and the acceleration of the internal movement of capital. Here are some data to illustrate this problem: There were 61 loss-making and 60 enterprises and cooperatives with a capital deficit in 1986, and out of these 121 economic units, 68 failed to settle their losses or their capital deficit—neither from their own resources, nor by coming to an agreement with their creditors. In spite of this, only two enterprises have been liquidated so far: the Veszprem County State Construction Enterprise, and the Small-Scale Repair and Maintenance Enterprise at Balassagyarmat. There were five cases of enterprise rehabilitation: these cases are still pending. In the agricultural sector, three state farms and 85 agricultural cooperatives were rehabilitated, and two agricultural cooperatives were liquidated. The rehabilitation of 85 agricultural cooperatives affected agricultural units that were primarily damaged by natural disasters, drought, and frost.

What conclusions can we draw from all this? The basic concept is not asserted, because there is an extremely powerful opposing interest on the part of economic units that provide credit to loss-making and insolvent enterprises and cooperatives. This, of course, refers to the commercial banks where these economic units establish credit contacts and where they pay. But these economic units are not compelled to implement procedures at enterprises and cooperatives that are constantly insolvent because there is a great abundance of money in the Hungarian economy. Much less money than the amount circulating in the Hungarian economy would be sufficient to carry out our economic turnover. A general phenomenon is that, within the framework of the procedure of loss settling, everyone wants to secure the rehabilitation process well in advance, a process that, in the final analysis, represents a state lifesaver and the suspension of obligations toward the state. And this should be the rare exception....

Besides, 156 enterprises and cooperatives have become loss-making units in the first 3 quarters of the current year, with a concrete loss of close to 8 billion forints. The government has drawn the conclusion that it is necessary to shape both the social and economic environment in this regard. The political conditions are present for the development of a more consistent attitude and, based on this, we should change the practice.

It is extremely important to dispel the illusion that such a consistent or a more consistent procedure will in every case lead to the elimination and liquidation of enterprises and cooperatives. Not necessarily: The consistent implementation of this procedure can lead to the development of a new enterprise profile, the establishment of smaller independent organizational units, the sale of unused production capacities and installations, and, in the final analysis, the complete liquidation of enterprises and cooperatives. Therefore, we should not automatically identify the process of liquidation with the complete closedown of operations. The final result can be varied according to what is justified by the rational requirements of the economy.

We must do away with the illusion that a more consistent attitude in the short term leads to a decrease in the state burdens. On the one hand, we must eliminate the sources of losses, and on the other hand the conditions for development cannot be created without money. In order to accelerate the procedure, the Council of Ministers decided that many points of the present practice have to be changed, and the attitude of managing bodies should be made more consistent.

The measures that the Council of Ministers authorized the competent government bodies to take will be in three main groups. The first group: There is a need for the accelerated evaluation of economic units that make constant losses and of enterprises which were already examined in the past, like, for example, economic organizations belonging to the so-called crisis sectors. If the result of this evaluation is that the competent economic organizations, banks, economic organizations that supply credit, and the central bodies of economic management are unable to deal with the problem or solve it, and if there is a need for a special decision, then the government is ready to make these special decisions. But this process has to be accelerated and, if possible, concrete measures have to be initiated by the end of the year.

The second issue is the elimination of opposing interests in the sphere of economic units and banks. The Finance Ministry received authorization to refrain from approving a discount or delay concerning the obligation of enterprises and cooperatives to pay their dues to the state, if this is required by a constantly insolvent enterprise or cooperative. In other words: Enterprises and cooperatives should not overcome or solve their insolvency, even temporarily, by delaying the fulfillment of their obligation toward the state. This procedure is already in force, and therefore, as of tomorrow, it is the

task of the financial apparatus to follow this practice. If, in the meantime, in the course of the concrete financial examination, the financial organization concludes that there are tax arrears, then these tax arrears must be settled immediately following the examination, and not in the period of preparing the balance at the end of the year.

The other change: If an economic organ does not receive its claims within 90 days, that is, if it becomes a creditor for an insolvent enterprise or cooperative, the creditor cannot make use of a state subsidy allocated to it on some grounds if it does not initiate liquidation procedures concerning its debtor, or as long as its debtor does not balance the debts.

In a few weeks—there is no exact schedule, but the goal is to implement this requirement by the end of the current year—the commercial banks will have to examine in detail the circle of so-called dubious debts and the subsequently indebted enterprises, and will have to initiate liquidation procedures. (A debt is dubious if, for a period longer than 3 months, the enterprise that is struggling with insolvency is characterized by its standing in line [sorbanallas] for 25 million forints a day. Therefore, if, for a period of 3 months, the enterprise has been in line for 25 million forints a day, the liquidation procedure should be automatically initiated. In order to make the pressure even stronger, in accordance with the extent of the dubious debts, the commercial banks must establish a risk reserve fund. In other words, the greater the stock of dubious debts, the more the credit resources of the commercial banks will decrease through the establishment of compulsory reserves.

Finally, according to experiences so far, there will be a correction of procedural methods and smaller legal inaccuracies that hinder the consistent use of the liquidation and loss settling procedures.

[Magyar Hirlap correspondent] It was clear at the introduction of regulations governing the liquidation and rehabilitation of enterprises that, due to various appeals and so on, these processes could take a long time. In accordance with the decision made at the government session, will these regulations change?

[Bekesi] The finance minister was authorized to modify these regulations, too. On the basis of annual experience, we plan to return—probably as early as in January—to the modification of the regulations that currently hinder the acceleration of these procedures and, among other things, we will also come back to the procedure of appeal.

Reportage, Commentary on Referendum Results

TV: Results Not Conclusive

LD301921 Warsaw Television Service in Polish 1830 GMT 30 Nov 87

[Text] The announcement by the Central Referendum Commission on the outcome of the national referendum conducted yesterday has been published. It says, among other things:

17,638,483 of those eligible to vote took part in the balloting, which is 67.32 percent;

there were 69,520 invalid ballot papers;

11,601,975 people answered yes to the first question, which is 66.04 percent of the valid votes;

4,866,207 people answered no to the first question, which 27.7 percent of valid votes;

6.26 percent of those who took part in the vote gave no reply or crossed out the ballot paper;

12,127,621 people answered yes to the second question, which is 69.03 percent of the valid votes;

4,317,401 answered no to the second question, which is 24.57 percent of valid votes;

6.4 percent of those who took part in the vote gave no reply to this question or crossed out the ballot paper on this question.

On the basis of the combined results of the ballot, it was established that the number of yes replies to the first question in relation to the number of people eligible to take part in the referendum constitutes 44.28 percent; the number of no replies in relation to the number of those eligible to participate in the referendum constitutes 18.57 percent.

In connection with these results, the outcome of the referendum is not conclusive [roztrzygajacy] with regard to the first question. The number of yes replies to the second question constitutes 46.29 percent in relation to the number of those eligible to take part in the referendum; the number of no replies constitutes 16.48 percent in relation to the number of those eligible to take part in the referendum.

In this connection, the outcome of the referendum is not conclusive [roztrzygajacy] with regard to the second question.

PAP: Results Not Decisive

LD302136 Warsaw PAP in English 2045 GMT 30 Nov 87

[Text] Warsaw, Nov. 30—The announcement of the Central Commission for Referendum issued Nov. 30, 1987 on the results of the nationwide referendum held November 29, 1987 says that there were 26,201,169 eligible voters recorded at the end of the voting while 17,638,483 persons cast their ballots, that is 67.32 percent of those eligible to vote.

There were 69,520 invalid cards and 17,568,963 valid votes.

On the basis of the latter figure it was determined that 11,601,975 voters said "yes" to the first question, that is 66.04 percent of valid votes. 4,866,207 voters said "no" to the first question, that is 27.70 percent of valid votes. 1,100,781 persons either gave no answer or crossed the first question, that is 6.26 percent of valid votes.

12,127,621 voters said "yes" to the second question, that is 69.03 percent of valid votes. 4,317,401 voters said "no" to this question, that is 24.57 percent of the valid votes. 1,123,941 voters gave no answer or crossed the second question, that is 6.40 percent of valid votes.

The number of "yes" answers to the first question accounted for 44.28 per cent in relation to the number of those eligible to vote.

The number of "no" answers to the same question accounted for 18.57 per cent in relation to the number of those eligible to vote.

Due to the fact that the number of "yes" answers to the first question accounts for 44.28 per cent of population eligible to vote in the nation-wide referendum, the results of the referendum is not decisive in this point.

To the second question, the number of "yes" answers accounted for 46.29 per cent in relation to the number of eligible to vote.

The number of "no" answers to the same question accounted for 16.48 per cent of the number of eligible to vote.

Due to the fact that the number of "yes" answers given to the second question accounted for 46.29 per cent of the number of population eligible to vote in the nationwide referendum, the result of the referendum is not decisive in this point.

In line with the appropriate law, the result of a referendum is decisive if one of the solutions put to the vote wins approval of more than half of those eligible to vote.

The questions the voters had to answer read as follows:

1. Are you in favour of full implementation of the programme of radical curing of the economy that was submitted to the Sejm and which aims at a clear improvement of society's living conditions, being aware that this requires going through a difficult two- to three-year period of rapid changes?

2. Do you declare yourself in favour of the Polish model of a deep democratization of political life, the objective of which is to consolidate self-government, to broaden the rights of citizens, and to increase the citizens' participation in governing the country?

'Two Attitudes' Apparent

LD301723 Warsaw PAP in English 1621 GMT 30 Nov 87

[By PAP journalist]

[Text] Warsaw, Nov. 30—The day of the referendum witnessed the clash of two attitudes and two very different kinds of anxiety. The first kind was displayed by people who grew impatient with the disorder, inability, lack of discipline, tripping in one place, with everyday hardships. Those were the ones to express anxiety whether finally now we shall factually and promptly move forward.

The second, however, were discouraged by the prospects of changes, of new and unknown methods, by an announcement of difficulties. The pro-reformatory movement consolidated and extended its influence in the course of many-month social discussion on the main points of the second stage of economic reform. Thus, the number of firm opponents of the reform continues to decrease.

The choice, however, was not free from irresolutions as the questions embodied the fundamental dilemmas of the Polish fate. Many hesitated till the very last hours, both, as to the very participation in the referendum and as to the way of answering the questions.

In Poland, participation in elections or a referendum is not obligatory as it is for examaple in Belgium or Turkey. Therefore, the greater is the significance of the fact that so many people decided to present their opinion in the referendum.

Public 'Disappointment'

LD302253 Warsaw PAP in English 2231 GMT 30 Nov 87

[Text] Warsaw, Nov. 30—Polish television information programmes department told PAP numerous TV viewers had phoned in since the moment the referendum results were announced.

The people who called were first of all those who had cast their votes in favour of the radical pace of reforms and had twice voted "yes". They did not hide their disappointment with the results and said that during the period that preceded the referendum people had not quite realized that a qualified majority of "yes" votes was required to render the referendum results decisive.

Voters 'Opposed' Reform

AU301812 Paris AFP in English 1808 GMT 30 Nov 87

[Text] Warsaw, Nov 30 (AFP)—Poles, voting in a referendum Sunday, opposed a package of economic and political reforms put forward by the government, officials announced here Monday.

Some 26.8 million Poles were eligible to vote, of whom 18.22 million participated, yielding a turnout of around 68 per cent, government sources said earlier.

The government has said it will implement reforms regardless of the result of the referendum.

More on Reform Rejection

AU301843 Paris AFP in English 1839 GMT 30 Nov 87

[Excerpts] Warsaw, Nov 30 (AFP)—Poles, voting in a referendum Sunday, rejected a package of economic and political reforms put forward by the government, officials announced here Monday. [passage omitted]

In response to a question about economic reforms, 44.28 per cent of those eligible voted in favour, officials said. On the second question, on political reforms, 46.29 per cent of those eligible voted in favour.

This yielded, among those who actually voted, a majority in favour of the package, according to government figures. However, it translates into a rejection, because under the referendum law, more than 50 per cent of registered voters had to vote Yes to the two questions for the package to gain approval.

The government has said it will implement reforms regardless of the result of the referendum.

The former leader of the banned trade union Solidarity, Lech Walesa, described the referendum was "a tragedy for the government as well as for Solidarity, as it has solved nothing and will achieve nothing." [passage omitted]

Orzechowski on Results

LD301844 Budapest Domestic Service in Hungarian 1730 GMT 30 Nov 87

[Text] We have just received a dispatch on the result of the Polish referendum. Our correspondent in Warsaw is Jozsef Laszlo:

[Laszlo] The majority of voters in Poland has said 'no' to the extension of democratic changes, and 'no' to another 2 or 3 years full of radical changes, which would have been even more difficult than the years up to now. This was announced by Foreign Minister Orzechowski when he briefed ambassadors accredited to Warsaw.

Forty-four percent of voters said 'yes' to the first question and 46 percent to the second question. This is not enough for the result of the referendum to be binding.

Many people are bound to analyze for a long time the causes of this. This correspondent was doubtful about claims by acquaintances that no matter what the promises were, if the inflation rate for next year was expected to exceed 40 percent this would be too much for people.

It is also worth recalling that according to opinion polls, a significant proportion of voters did thoroughly familiarize themselves with the economic program. They could only see the prices and price increases—the 110 percent increase in the price of basic foodstuffs and 140-200 percent price hikes for energy and fuel.

It is difficult at this moment to predict the Polish Government's next steps, for the preparation of the radical reform plan had been going ahead at full steam, and the referendum had to decide on the pace. It is difficult to say which program points will be jettisoned, as there is no intention to give up the reform as a whole.

It is worth recalling President Jaruzelski's statement 10 days ago in which he remarked that the authorities would not regard a 'no' vote in the referendum as a defeat. According to some views, there will have to be another attempt at a referendum next year, but after better preparation. Meanwhile, inflation would remain around 25 percent next year and the transformation of the system of wages and prices into a more realistic one would be carried out at a slower pace. In other words, as the PZPR Politburo has said, the standstill which threatens a step backwards, will remain.

Urban's 'Satisfaction'

LD301950 Warsaw Television Service in Polish 1830 GMT 30 Nov 87

[Text] About an hour ago, Jerzy Urban met journalists at a press conference:

[Begin Urban recording] The referendum results have shown the social trust in Poland's new institution for deciding important matters in the country through a general vote. The authorities wanted to obtain the community's real opinion, its freely expressed opinion. On behalf of the government, I express satisfaction over the fact that we have obtained such an opinion. The predominant majority of voters have supported the program for implementing radical reforms; it constitutes a pro-reform numerical majority.

More than two-thirds of adult Poles responded to the Sejm summons and went to the ballot boxes, proving that they want a dialogue with the authorities on subjects of a special significance to the country. This is evidence of a high-level citizens' activeness. In Poland, the referendum has no tradition. Participation is not the result of habit. In Switzerland, where referendums have been taking place for 200 years, the average turnout amounts to 43 percent. Everywhere in the world, participation in referendums is generally lower than in parliamentary elections. In Spain last year, less than 60 percent of those eligible took part in a referendum. The opinion of 31 percent of those eligible decided the result. This was the referendum concerning membership of the EEC. In the United States, where in the state of Maryland a referendum was called this September, only 8 percent of those eligible took part.

Against a world background, the Polish turnout is high. The boycott of the referendum was not a success. Around 11.6 million came out in favor of the government draft concerning the pace and scope of economic reforms. Against: There were 4.3 million. More than two-thirds of those citizens who have formed an opinion about the pace and scope of the reforms, and who wished to express it, supported the draft for radical, rapid, and profound reforms.

Neither for the first nor the second question of the referendum was the majority of Yes votes sufficient for it to be legally decisive. This is because this would require unanimity of over one-half of those eligible to vote; while even the obtained majority of two-thirds of the votes cast is not enough.

In all other countries, where there are referendums, the majority's opinion from among all those who actually went to vote decides the issue. The citizens decide who were active in a given ballot. For example, the currently governing President of the United States was elected by fewer than one-third of the citizens eligible to vote.

However, the Polish Sejm, passing the law on the referendum, decided on an unusually high threshhold for the voting to be legally decisive. This rigor in our democracy is more acute than anywhere else. The voting was about very difficult matters. It was totally free and fully secret. It is no discredit to the program of the authorities, that in this situation the program failed to obtain the legally binding majority.

The important thing was that it obtained the approval of the predominant majority of voters. I would like to recall that in accordance with the announcement and the content of the questions, the referendum did not concern the question whether to reform and democratize Poland in general—we asked only about the pace of reforms and on what scale. I reaffirm the resoluteness of the authorities in favor of the reforms and democratization of relations.

I will now explain what happens next. The Sejm, by announcing the referendum, is conveying to the public its authority to decide on a given matter. It is empowered to do this in matters of special importance. If the referendum does not bring a legally conclusive result, then the decision reverts to the Sejm.

However, the Sejm will no doubt take into consideration the results of the referendum as the most wide-ranging and credible social consultation. The Sejm will meet this week, on 5 December, to evaluate the results of the referendum and will draw its conclusions from the will expressed by the voters. The government is awaiting the decisions from the Sejm so that it can adapt the implementation measures for the reforms according to the will of the Sejm. This is how things stand for the next few days, resulting from the rules of democracy that have been laid down. The report presented at the Sixth PZPR Central Committee Plenum presented proposals for democratization in a flexible way, subject to discussion, without prejudging anything. The sixth plenum, as is already known, will hold another session so that before passing on the resolutions on the pace and range of democratization, it can take into consideration the referendum results.

The government thanks all those who took part in the voting for having expressed their views on the proposals presented by the authorities for the citizens' judgment. The government thanks the overwhelming majority of voters who expressed their approval of the authorities' proposals. More than 11.5 million citizens voted in favor of the unpopular and difficult to accept version of radicalizing the economic reform, as presented by the government, without avoiding the difficult truth about the increase in prices.

The referendum's achievements do not just involve the voting results; it is a great collective experience of practicing democracy. The meetings discussing the reform proposals were actively attended by millions of citizens. These debates brought about a richness of suggestion that is being studied. They enrich the way of governing and public life. The discussion has revealed numerous problems. The authorities at all levels have already started, or will start soon, to analyze them and search for effective ways to correct them.

The referendum has deepened the political culture of Poland and of Poles. The experience gained will serve well in the drafting of further national and local referenda.

Assessing the referendum results—a referendum which in any other country, in the legal system existing there, would be acknowledged as decisive in favor of the working proposals that the authorities presented—it is necessary to take into consideration several factors. The subject presented for consideration was an economic variant of a stringent procedure, one that would bring difficult, rapid changes in the material situation of many families, and one underlined in its significance by a radical proposal for changes in price and pay, including a 110 percent rise in the prices of basic foodstuffs.

The government, sincerely revealing its hand, did not expect easy, universal applause. Within the earlier voting practices in Poland, the habit of voting without crossing anything out had arisen. In the present referendum, the voters should have, contrary to habit, made a difficult decision by crossing yes or no. The Sejm established, as I already mentioned, a very high quorum of voters to decide the result through their votes, of a kind that exists elsewhere only in parliaments. For it is in parliaments that it is generally required that half of those eligible to vote should come out in favor of a given solution. However, voting there involves only several hundred persons connected with parliamentary or party discipline, and does not involve millions of citizens.

If the referendum results depended only on the votes of citizens who actively wished to express their opinion, then the government drafts would have obtained approval to a much higher degree than a basic majority of votes. In these particular conditions, however, the Polish referendum has an extremely high level of credibility as a democratic yardstick of citizens' attitudes and as a manifestation of dialogue between a majority of Poles and the authorities.

The one-third of the citizens who did not participate in the voting decided not to take part for varying motives. These reasons were more different than in elections in the Sejm. A role here was played by the need for them to evolve and express a view on complex issues; a role was played by a lack of being accustomed to participation in such voting; by various forms of unwillingness to take part, within the local context—for example in connection with shortages in supplies. Often local, or perhaps broader, but painfully felt detailed shortcomings, or matters provoking criticism, dictated the response in the referendum on general matters. The National Trade Union Accord, OPZZ, was in favor of voting and in favor of giving yes replies to the referendum questions. However, it expressed so many reservations and doubts that the stance of the OPZZ could have caused a lack of confidence in the draft of the reforms.

The discussion on the proposal to create the second chamber in parliament has shown that this issue is a very contentious one, and this is only an example of divergent opinions and of the multitude of issues that compete with each other and had an impact on the way votes were cast.

The distribution of replies given to the second question on the development of democrarcy shows that there are also anxieties and doubts about the democratization plan. Opinions are diverse. There also exists, in rural areas, among other things, a very widespread belief that authority should come from the top, that it should be strong and effective, which means not hindered very

much [malo skrepowana]. Peasants can also be anxious about the limiting of the control powers of higher authorities over parishes and over relations in parishes.

Thus, the situation is not one in which the whole society is unanimously striving for the broadest possible democracy. The referendum has demonstrated in a democratic way this diversified attitude toward democratization processes. The PZPR, other political parties, and the Patriotic Movement for National Rebirth, must arouse confidence in the democratic procedures and transformations, and now promote reforms in this direction.

A fear of changes in the material situation, professional situation, a fear of economic dependencies of human fate becoming more severe, is connected with the distribution of replies to the first question. The development of the private sector, and the belief that it is predatory [drapiezna] and decreases the scope of social justice, arouses reservations and anxiety among a considerable part of the working people.

The analysis of the discussion before the referendum and the referendum results will make it possible to pinpoint everything that aroused the most reservations, to provide of program more compatible with social views. However, the referendum results do not absolutely prompt us to correct the general direction of economic and democratic reforms, as their alternative would be only stagnation, economic degradation, and political standstill in the country. It is the authorities' duty to see the historic necessity of the reforms that are being decided.

We have obtained indispensable social support for continuing the reforms, and I want to stress this strongly. The referendum has been a great consultation. Before the referendum was designed, some thought had been given to the question of whether to limit this only to consultations. The Sejm decision on conducting a referendum demonstrates clearly its aptness. Thanks to this the exchange of opinions was more universal and deep. An unusual public liveliness occurred. The referendum made it possible for the authorities to see issues arousing doubts in society. The results of consultation taking the form of a referendum are also more measurable.

I reaffirm the authorities' further determination to continue the reforms and the democratic practice of asking citizens for their opinion on issues of great consequence to them all. The referendum results are also a clear reply to all those who claimed, and still claim, that our democratic institutions are for show, our ballots fictitious, and not free, and that our democratic transformations are shallow and pretended.

Thank you for your attention. [end recording]

Urban Answers Questions

LD302310 Warsaw PAP in English 2228 GMT 30 Nov 87

[PAP report on Jerzy Urban's 30 November press conference]

Warsaw, Nov. 30—[Excerpt][passage omitted]Replying to questions, Urban said that the decisions the Sejm would make on the basis of the referendum results would be binding for the government to appropriately adjust the programme of reforms to the referendum results, adjustment based on the Sejm's assessment. The timetable of work in this respect will be fast-paced.

Asked whether the proposed plan of drastic price and wage rises would be upheld by the government, Urban said that they (price and wage rises) were but a part of the entire implementation programme of the second stage of economic reforms, which the government would probably modify and adjust in an appropriate way to match the referendum results.

Replying to the question whether the referendum results might result in a decline in the trust Poland enjoyed among her socialist partners, Urban said:

I do not see any grounds for such a decline in trust. I hope our friends will not consider the results of the Polish referendum on issues as difficult as they are a failure of our concept of reforms. A judgement like that would be a mistake.

Asked whether he envisaged any consequences the referendum might have upon the relations with western countries, particularly as far as debt payments were concerned, Urbab said:

I cannot see a link between debt payments and the referendum results. There is, however, an indirect link between Poland's capability to pay her debts and the effectiveness of the economic reforms. I suppose our economic reforms will be effective and will alow us to pay our debts to the extent Poland has committed herself to.

Comment by Kuron, Walesa

AU010958 Paris AFP in English 0950 GMT 1 Dec 87

[Jean-Eudes Barbier Report]

[Excerpts] Warsaw, Dec 1 (AFP)—Poland's experiment in Soviet's "glasnost" (openness) backfired when a majority of voters rejected a government reform package in a referendum Sunday, but opponents welcomed the government's sincerity in allowing such a poll, analysts said here Monday.

As the government led by Polish leader General Wojciech Jaruzelski licked its wounds after the setback, dissidents and political opponents refused to crow over the voters' refusal to massively back the economic and political reform package.

This was the first time that the electorate of a communist state had not responded with a massive "yes" vote to government proposals.

The results were seen as a boost for the banned trade union Solidarity, which had called for a referendum boycott.

Jacek Kuron, a major opposition figure, expressed surprise late Monday at the "sincerity" with which the authorities announced the low "yes" vote.

Former Solidarity leader Lech Walesa said after the results were declared that he was prepared to negotiate with Gen. Jaruzelski providing "trade union pluralism" was restored.

Under Poland's referendum law, the majority is determined by the number of people registered to vote, rather than just the number of those voting.

In this case, only 68 per cent of the 26 million Poles took part in the referendum following calls for a referendum boycott by a number of opposition groups, and officials results showed that less than 50 per cent of registered voters actually backed the government's reform proposals. [passage omitted]

Mr. Kuron attributed the government's openness to quarrels between supporters and opponents of reforms within the regime. He indicated that the result setback may have boosted the hardliners' position. [passage omitted]

Mr. Walesa told AFP late Monday that he was surprised by the extent of the government setback, but reaffirmed his willingness to work with the authorities for "Poland's good."

Political analysts said they doubted that the government would respond positively to Mr. Walesa's offer. Gen. Jaruzelski has repeatedly rejected any negotiations with the Nobel Peace Prize winner.

The referendum results sparked off intense opposition activity, as anti-government leaders sought to analyse the situation.

Poland's diet (parliament) is to meet on Saturday to decide on the next steps, but government spokesman Jerzy Urban stressed that there was no question of the planned reforms being abandoned.

Cooperation Group Meets

LD301846 Warsaw PAP in English 1802 GMT 30 Nov 87

[Text] Warsaw, Nov. 30—The Central Commission for Cooperation of the PUWP, the United Peasants' Party ZSL and the Democratic Party DP with other signatories of the Declaration on the Patriotic Movement for National Rebirth and PRON representatives met at the Sejm (Polish Parliament) seat here today.

The meeting discussed the course and initial results of the referendum and their conclusions.

Opposition Members Arrested in Breslav

AU251917 Vienna Television Service in German 1830 GMT 25 Nov 87

[Text]Arrests of opposition members have again been made in Poland. During demonstrations in Breslav, a city in southern Poland, the police arrested a total of 16 persons. The demonstrators had advocated the release of a leading member of the Militant Solidarity. The Militant Solidarity is a splinter group of the prohibited trade union Solidarity, which does not exclude the use of violence to achieve its political aims.

Economists' Congress Discusses Reforms

Speeches Reported

LD282139 Warsaw PAP in English 1946 GMT 28 Nov 87

[Text] Krakow, Nov. 28—The Congress of Polish economists wound up here today after two days of plenary debates and discussion in 7 subject groups.

The floor was taken by 127 participants. Two addresses were included in the minutes. The president of the Polish Economic Association, chairman of the Government Planning Commission, Vice Premier Zdzislaw Sadowski delivered a speech on the second day of the congress.

Characterizing the economy of the postwar 40-year period Sadowski stated that a chronic lack of structural adjustment between supply and demand has been its fixed feature. This problem has with varying intensity troubled us for the last 40 years and has become a fixed feature of the economy. We want to get rid of this characteristic, Sadowski said.

Successive attempts to introduce reforms, in the 50-ties and 70-ties, collapsed because they were based on incomplete concepts. It was thought that it is enough to carry out changes in the status of enterprises while bypassing the whole system of planning and management, he continued.

The growing structural conflict was eased by imports and foreign credits. Consequently the economy "choked itself." A crisis of production and deep inflation followed. In Poland we had the only case in the history of the world where production was falling sharply while wages were growing rapidly, Sadowski said.

The main source of the failures of previous attempts at reform consisted in a lack of a complexity of changes. We have drawn conclusions from this. The implementation program of the second stage of reform is an enormous complex of parallel and inter-linked activities. The point is to create a certain kind of "state of siege" aimed at freeing social energy. This signifies a change in the logics of management consisting in the creation of appropriate motivation for enterprise, in activities aimed at eradicating the imbalance between supply and demand. The point is to enable social energy to release an automatic ability to maintain balance after it is reached, Sadowski stated.

Our logic is the striving to reconcile the market with the plan.

As chairman of the Government Planning Commission,' I will be striving for the central planning to operate in tune with the strictly defined functions of the programme for the reform, the functions of outlining the strategy for Poland's development and setting directions and instruments of economic policy, without directional detailed material tasks for individual planning is an inseparable part of the programme of changes, Sadowski said.[as received]

As for numerous steps necessary to curb inflation, the necessity to change economic structure becomes of primary importance, apart from making prices real. That is the reason for pressure on verifying the five-year plan from the point of view of the possibilities to speed up the pace of changes of this kind. It is important to rationalize investments in the fuel and energy block, to give up ventures with low effectiveness and to reduce outlays on some accompanying investments. One of the most important problems is to rationalize the consumption of fuels and energy.

Growing investments of enterprises are also a part of structural changes. It is important to create conditions and incentives to turn this current in the most desired directions, to broaden possibilities of investments by an enterprise not necessarily at its own premises and to eliminate investments with low effectiveness. Much will depend on the next year and we will try to take steps to achieve equilibrium, both from the point of view of demand and supplies. It is necessary to make better use of material resources. There is a need to make better use of the present work time. On the other hand, the disciplining of demand must take place primarily in the supplies and investments.

The greatest controversy is associated with the need to put prices in real terms which, though it is only one of the many activities covered by the program, is most frequently put forward. We still have various possibilities to choose from but one thing is undisputed: Regardless of everything, a significant increase in the prices of power, fuels and raw materials is indispensable. Without changing them to correspond to real terms there will be no rational account of the whole economy. On the other hand, to what extent should this increase be shifted onto retail prices can be the topic of discussion. The best solution would be to significantly limit subsidies, though obviously, one cannot forego subsidies all-together, Vice-Premier Sadowski pointed out.

In the technical sense it is not only possible to leave subsidies on the hitherto level but even to increase them. We are, therefore, asking society how far we should go, we are trying to impart to all people that whether we choose this road or another all of us will anyway have to pay for this, society as a whole, because no one else will pay for us. Paying through prices is more just. But views on this may differ and we must respect them, Sadowski said.

The participants in the plenary discussions of the second day of the debates of the congress pointed to many reserves in the Polish economy, reserves which should be used in the second stage of reform. Much attention was devoted to issues of the self-adjustment of the economy as the best guarantee, aside from human potential, of the success of reformative activities.

The congress was to end with the adoption of a stand on the Polish economy in the face of the developmental challenges of the end of the 20th Century. Owing, however, to the great number of proposals and complementary conclusions or conclusions which changed the original, nearly 30-page draft document, the participants decided to elaborate on it at a later date. This will be handled by the presidium of the congress, the editorial team and the Main Council of the Association of Polish Economists.

A very general outline of the opinions of the congress on issues pertaining to the Polish economy was included in the resolution passed by the congress.

Resolution Issued

LD282156 Warsaw PAP in English 2024 GMT 28 Nov 87

["Resolution of Congress of Polish Economists (abridged)"—PAP headline]

[Text] Krakow, Nov. 28—The congress has unequivocally come out in favour of the main directions of reform associated with a democratization of socio-political life and outlined in the program of the second stage. It has also spoken out in favour of accelerating its implementation.

The economists greet the announcement of a fundamental breakthrough in the functioning of state economic bodies, which has been postulated for a long time, and expect that the new logics of the operation of economic mechanisms will be put into effect.

Agreeing with the need for indispensable changes in the price-income policy the congress endorses the announced radical and rapid changes in the prices of fuel, power and other means of production, at the same time expressing a conviction as to the need to review variant-type proposals of changes of consumer goods based on sound simulation calculus, with consideration given to the supply-demand consequences of these changes.

The congress declares the participation and active support of economists for all rational activities aimed at healing the economy and creating conditions for embarking on a road of stabilization and development.

PCF's Gremetz on Changes in Poland

AU191603 Warsaw TRYBUNA LUDU in Polish 17 Nov 87 p 5

[Interview with Maxime Gremetz, member of the Politburo of the French Communist Party and Central Committee secretary, by Wlodzimierz Zralek, TRYBUNA LUDU's Paris correspondent: "How Things Are"—date not given]

[Excerpt] [passage omitted] [Zralek] It is very noticeable that right-wing historians accord much more prominence to the occasions when communists committed mistakes than to those when they were right...

[Gremetz] That is obvious. What I would like to stress first of all is that you cannot just draw up a list of all the occasions on which communists were right on one page, and then draw up another list of all the mistakes that were made on another. History is far too complicated to make it possible to employ an approach of this kind. Let us consider what our party has been doing over the last few years. Has it taken part in all the battles that have been fought with courage and determination? The answer to this question is: yes, very definitely yes. Did we make a mistake at the same time? Yes, we did make a mistake. I am thinking of our choice of strategy, the proposal for a "summit" agreement with the socialist party; the agreement concerning a joint program, which created the impression that everything had been resolved. We drew the appropriate lessons from our mistake at the 25th Congress of the French Communist Party [PCF].

That is just one example. When one examines the entire history of the communist movement at the international level, then it cannot be denied that the communists have played a fundamental role in advancing progress throughout the world. This is the role that communists are also performing today; a role that will be enhanced by what is happening in the socialist countries. The developments that are taking place in the socialist countries show that these countries are capable of solving the problems that they face; they will encounter difficulties in dealing with these problems but they will solve them.

All this, all this historic role in paving the way for progress—the October Revolution was of first-rank importance in this respect—was accompanied by events that were a complete perversion or denial of socialism. I am thinking, above all, of the Stalinist period, but events of this kind also occurred at other times during the construction of socialism. We must be resolute in condemning everything that is a denial of socialism, and we first started behaving in this way quite a number of congresses ago. This is because we believe that socialism is synonymous with all aspects of freedom and democracy.

And so, it pleases us to hear Mikhail Gorbachev say: "There can be no socialism without the constant advancement of democracy, without the full blossoming of all existing freedoms, and without the development of people's creative initiative."

I would like to stress that we certainly do not think that Gorbachev is modelling himself on us. He is developing his "revolution within the revolution" on the basis of Soviet experience and the conditions that are obtained in the USSR. There is no one model of socialism. The USSR is constructing socialism the Soviet way. You are doing so the Polish way, and all the other countries are doing so their own way. As for us, it pleases to see that a matter over which we differed with certain communist parties in the socialist countries, that is, democracy as an integral part of socialism, has now become something that is having the opposite effect; it is bringing us closer together.

[Zralek] We remember very well that during what was a very difficult period for our party, the PCF maintained an internationalist position while, of course, preserving its own point of view with respect to some aspects of the situation in Poland, a point of view that you expressed openly. In your opinion, what are the most important changes that have taken place in Poland, changes that are also important for you in your struggle to create a new image of socialism in France and all over the world?

[Gremetz] During Poland's political crisis the PCF was guided by one main consideration: A civil war and the shedding of blood must be avoided. As you know, we had to contend with the terrible campaign against Poland that was being waged in France. We had to deal with the efforts of those who wanted to perpetrate the wicked deed of using the Poles to wage a war. We said that we should not pour oil on the fire, but should work to prevent a civil war from taking place and, at the same time, preserve peace in Europe. We were consistent in

our adherence to this position. However, we also did not refrain from criticizing the PZPR as being partly responsible for the fact that there was a political crisis during the years 1980-81.

I think that the course of events showed that we were right. First, the worst possible outcome for both Poland and for Europe was avoided. Second, it pleases us greatly to see the changes that have taken place in Poland since then. I am thinking of efforts to promote national accord for example, of self-management bodies, decentralization, openness in political life, and an information policy of openness. And I am also thinking of the significant progress that has been made in the area of freedom; this particularly applies to the fact that all political leaders have been released.

And this whole process is being deepened, as is attested to by the fact that decisions of the greatest national importance are to be made by way of a referendum. It is undeniable that the first steps toward finding a Polish form of pluralism have been taken. [passage omitted]

Messner Receives PRC Culture Minister

LD300949 Warsaw PAP in English 1649 GMT 30 Nov 87

[Text] Warsaw, Nov. 30—Poland's Prime Minister Zbigniew Messner received here today Minister of Culture of the People's Republic of China Wang Meng.

The talk that focused on prospects of cultural cooperation between the two states was attended by Polish Minister of Culture and Art Aleksander Krawczuk.

Czyrek, SED's Sieber Discuss Cooperation

LD280033 Warsaw PAP in English 2112 GMT 27 Nov 87

[Text] Warsaw, Nov. 27—Head of the international relations department of the Central Committee of the Socialist Unity Party of Germany (SED) Guenter Sieber, who paid a visit to this country today at the invitation from the PUWP CC, was received by Political Bureau Member and PUWP CC Secretary Jozef Czyrek.

The two briefed themselves on the implementation of the resolutions of the 10th PUWP and the 11th SED congresses and discussed issues connected with interparty cooperation as well as plans designed to further develop relations between the two parties. They also exchanged views on some international problems.

During a meeting with head of the CC Foreign Department Ernest Kucza, the two agreed upon a plan of cooperation between the PUWP and SED for the years 1988-1989.

Syria's President Al-Asad Pays Official Visit

Welcomed by Ceausescu

AU301157 Bucharest AGERPRES in English 1136 GMT 30 Nov 87

[Text] Bucharest, AGERPRES, 30/11/1987—The secretary-general of the Ba'th Arab Socialist Party and president of the Syrian Arab Republic, Hafiz al-Asad, arrived in Bucharest on November 30 for an official visit at the invitation of RCP General Secretary and President of Romania Nicolae Ceausescu.

At the Otopeni Airport, the distinguished guest was welcomed by the Romanian party and state leader and other officials.

Damascus Radio on Arrival

JN301316 Damascus Domestic Service in Arabic 1215 GMT 30 Nov 87

[Syrian media team dispatch from Bucharest]

[Text] Gentlemen, greetings from the Romanian capital, Bucharest. Amid official and popular welcome, President Hafiz al-Asad arrived at Bucharest airport at 1300 today. Leading those who welcomed His Excellency at the plane ramp was Romanian President Nicolae Ceausescu. After shaking hands with President Ceausescu, President Hafiz al-Asad was presented with two bouquets. The two presidents then headed for the dais. The Syrian Arab and Romanian national anthems were played, and the two presidents then inspected the guards of honor. Meanwhile, the Romanian masses were chanting greetings to Romania's grand guest. The Syrian Arab students who gathered at the airport shouted slogans wishing President Hafiz al-Asad long life, reiterating "we sacrifice our souls and blood for you Hafiz al-Asad."

President Hafiz al-Asad then shook hands with Romanian senior party and state officials and the staff of the Syrian Arab Embassy. Afterwards, Presidents al-Asad and Ceausescu left the airport for the Guest Palace where the president will be residing during his visit to Romania.

The president is accompanied on this visit by a delegation comprising Dr Wahib Tannus, member of the Arab Socialist Ba'th Party Regional Command and head of the two regional higher eduction and student bureaus; Fayiz Sma'il, member of the Central Committee of the Progressive National Front; Faruq al-Shar', foreign minister; and Dr Muhammad al-'Imadi, minister of economy and foreign trade.

The talks between Presidents al-Asad and Ceausescu are scheduled to begin at 1700 today.

Meanwhile, the aiport was decorated with the Syrian Arab and Romanian flags. Two portraits of Presidents al-Asad and Ceausescu occupied a prominent position at the airport grounds, and banners welcoming the president were displayed. Among the slogans were: "Let the relations of friendship and cooperation between the SR of Romania and the Syrian Arab Republic be promoted and consolidated in the service of the two peoples, international cooperation, and understanding and peace in the entire world. Another welcoming banner said: "Welcome to President Hafiz al-Asad, secretary general of the Arab Socialist Ba'th Party and president of the Syrian Arab Republic from the land of the Socialist Republic in Romania.

Gentlemen, the radio and television team sends greetings from Bucharest, the Romanian capital.

Meeting With Ceausescu

AU301840 Bucharest AGERPRES in English 1816 GMT 30 Nov 87

[Text] Bucharest, AGERPRES, 30/11/1987—Nicolae Ceausescu, general secretary of the RCP, president of Romania, met on Monday, November 30, at the State Council Palace, with the secretary-general of the Arab Ba'th Socialist Party, president of the Syrian Arab Republic, Hafiz al-Asad, who paid a courtesy call on the former.

The meeting of the two party and state leaders, previous to the official talks, proceeded under the sign of mutual esteem and understanding, of the fine relations established between the two countries and peoples.

Official Talks

AU301934 Bucharest AGERPRES in English 1859 GMT 30 Nov 87

[Text] Bucharest, AGERPRES, 30/11/1987—Official talks started on Monday, November 30, in Bucharest, between Nicolae Ceausescu, general secretary of the Romanian Communist Party, president of Romania, and Hafiz al-Asad, secretary-general of the Ba'th Arab Socialist Party, president of the Syrian Arab Republic.

The talks are attended:

For Romania, by Gheorghe Oprea, first deputy prime minister; Ioan Totu, minister of foreign affairs; Radu Balan, secretary of the CC of the RCP; Ilie Vaduva, minister of foreign trade and international economic cooperation.

For Syria, by Wahib Tannus, member of the regional command of the Ba'th Arab Socialist Party; Fayiz Sma'il, member of the leadership of the National Progressive Front; Faruq al-Shar'; minister of foreign affairs; Muhammad al-'Imadi, minister of economy and foreign trade.

Attending are also Romania's ambassador in Damascus and Syria's ambassador in Bucharest.

President Nicolae Ceausescu most warmly welcomed the new Romanian visit by President Hafiz al-Asad, stressing that it was an expression of the relations of friendship and collaboration between the RCP and the Ba'th Arab Socialist Party of Syria, between the two countries and peoples, and expressing the confidence that the visit and talks in Bucharest would help amplifying and expanding these relations.

President Hafiz al-Asad thanked for the invitation to visit Romania again, for the atmosphere of friendship and the friendly hospitality extended to him since his arrival, and expressed in turn the belief that the current Romanian-Syrian summit dialogue would open new prospects to the further development of the economic, commercial and technical collaboration between the two countries and in international life.

Presidents Nicolae Ceausescu and Hafiz al-Asad highlighted with satisfaction the positive evolution of the relations of friendship and collaboration between Romania and Syria in the political, economic, technological, scientific, cultural and other domains of mutual interest. It was assessed that the two countries' growing economic potential offered wide possibilites for the consolidation of the Romanian-Syrian collaboration, for the expansion of the cooperation in production, for increasing the volume of commercial exchanges and their diversification.

The two party and state leaders decided that the members of the delegations investigate during the visit the possibilities of further expanding the mutually advantageous cooperation between Romania and Syria, the ways and means of developing their collaboration in various domains of mutual interest.

The talks proceed in an atmosphere of warm friendship and mutual understanding.

Damascus Reports Talks

JN301728 Damascus Domestic Service in Arabic 1615 GMT 30 Nov 87

[Syrian media team dispatch from Bucharest]

[Text] Gentlemen, greetings from the Romanian capital, Bucharest. At 1700, talks began between their excellencies, President Hafiz al-Asad and President Nicolae Ceausescu, at the State Council House in Bucharest. The two first met for a 1/2-hour closed session. At 1730, Presidents Hafiz al-Asad and Nicolae Ceausescu held an expanded meeting that was attended by the members of the Syrian Arab side comprising Dr Wahib Tannus, members of the Arab Socialist Ba'th Party; Fayiz Isma'il, member of the Central Command of the Progressive National Front; Faruq al-Shar', foreign minister; and Dr Haytham Barakat, Syrian ambassador in Bucharest. The Romanian side comprised Gheorghe Operea, first deputy prime minister; Ioan totu, deputy prime minister; (Rado Balan), economic adviser at the Presidency; Ilie Vaduva, foreign minister; and the Romanian ambassador in Damascus. They discussed international and Mideast developments as well as bilateral relations.

Al-Asad Dinner Speech

JN302026 Damascus Television Service in Arabic 1830 GMT 30 Nov 87

["Text" of speech by Syrian President Hafiz al-Asad at a dinner banquet hosted in his honor by Romanian President Nicolae Ceausescu in Bucharest on 30 November 1987—read by announcer]

[Text] Comrade President Nicolae Ceausescu, dear Romanian friends. We are pleased to meet with you this evening at the beginning of our visit to the SR of Romania. This occasion evokes beautiful memories of our previous visit to your country. During the previous visit, we sensed the amity harbored by the Romanian people toward the Syrian Arab people.

In your speech that we just heard with great appreciation, esteemed President Nicolae Ceausescu, you expressed the friendship between our two peoples and the cooperation between our two parties and countries. Allow me to thank you for the warm welcome you accorded us and for the atmosphere of Romanian hospitality and friendship extended to us from the time we arrived in Bucharest today. Relations betweeen the Syrian Arab Republic and the SR of Romania have clearly grown ever since President Ceausescu's first visit to Damascus in February 1974 and during the visits we subsequently exchanged. Cooperation between our two countries was strengthened in many fields, mutually benefiting our two peoples.

The Syrian Arab people highly value the contribution of Romanian friends toward the implementation of a number of economic development projects in Syria. We are anxious to continue the development of economic, trade, and technical cooperation between our two countries.

Our meetings in past years provided valuable opportunities to exchange views on various aspects of Syrian-Romanian relations and on the situation in our two regions and in the international arena. In our talks today we continued to exchange views on developments in the aforementioned situations.

There are signs on the horizon of relaxation on the international scene. The most important such sign is the announcement of the Soviet Union and the United States reaching agreement on a draft agreement to dismantle medium-range and short-range nuclear missiles in Europe and on convening a Soviet-U.S. summit in about 1 week. However, the features of such a relaxation—which inspires hope—are not yet complete so as to enable us to have a clear picture of the international situation following that development.

Undoubtedly the peoples of the world welcome any such step toward the elimination of nuclear weapons and world disarmament as a step toward the peace to which peoples throughout the world aspire. However, people have rights and causes. Many peoples have problems arising from aggression committed against them and from attempts to impose foreign domination. World peace cannot be complete as long as such rights, causes, and problems are disputed subjects. Peoples do not forfeit their rights, do not bargain over their causes, and do not accept unjust solutions to their problems. If wrongs committed against them are not redressed and if they do not find solutions to their suffering, the problems continue to exist. These problems portend renewed inflammation and world peace continues to be vulnerable to threats to spoil and undermine it.

The continuing explosive situation in the Middle East does not serve world peace and security. It constitutes an inflammable hotbed. Such a situation reflects the continued Israeli aggression against the Arab nation, Israeli occupation of Arab territory, and the usurpation of the rights of the Palestinian Arab people.

The continuation of such a situation is a result of obstacles placed by Israel in the way of any sincere effort to establish peace in our region. When Israel does this it is because it does not want peace, or wants peace merely to consolidate its occupation. That is, it wants peace for itself, and it wants the territory it has occupied. In addition, it wants to maintain the opportunity for further expansion in Arab terrritory so that it can achieve its goal of establishing the State of Israel from the Nile to the Euphrates.

The concept of peace held by Israel and those who support it manifestly contradicts the real concept of peace. As long as such differences in the concept of peace exist, then the goal of achieving peace in the region remains unattainable and the Arab struggle continues until the Arabs liberate their land and regain their rights.

The clear basis for establishing peace in our region is the implementation of UN resolutions on the Palestinian question and the Middle East. In order to implement such resolutions, we have supported the convening of an international peace conference, under UN auspices, in which all the parties concerned participate and which is attended by the five permanent member-states of the Security Council.

Israel's persistence in rejecting the international conference is an attempt to evade the facts, evade the implementation of international resolutions, and is an expression of Israel's insistence on occupying Arab territory.

At best, what Israel wants is an international umbrella under which it can hold separate agreements that impart legitimacy to Israel's seizure of Arab territory. Israel wants us to forget the Palestinian Arab rights, the Golan Heights, Jerusalem, and southern Lebanon—and we completely reject that. The best indication of Israel's intentions against peace is the decision to annex Arab Jerusalem; the decision to enforce Israeli law in the Golan Heights; Israel's persistence in expropriating land in the occupied Arab territory; establishing settlements and military sites in that territory; continuing the acts of suppression and terrorism against our people in the Golan Heights and our Palestinian and Lebanese Arab brothers in the West Bank, the Gaza Strip, and southern Lebanon; and Israel's use of generous U.S. financial and military aid and U.S. political support to consolidate its occupation of Arab territory.

The regaining of all occupied Arab territory and the inalienable national rights of the Palestinian Arab people are matters on which there can be no compromise or bargaining. Just as peace is desired by all peoples, the peoples that welcome and seek peace most are the peoples that are the victims of aggression, the peoples whose rights have been usurped and whose survival and destiny are being threatened. The forces that are the greatest opponents of peace and resist it most are the forces that covet the territory and wealth of others and seek to dominate others.

As for Lebanon, the dear fraternal country, Syria, which has given much for Lebanon out of its belief in the ties of brotherhood and nationalism, will continue to make every effort to achieve Lebanese national reconciliation and assist the Lebanese brothers in their struggle to liberate their territory occupied by Israel, safeguard Lebanon's territorial integrity and independence, and restore safety and assurance throughout Lebanon. Syria approaches with an open mind all views and proposals that are helpful in that regard. Syria hopes and wishes that all the parties in Lebanon will act with great seriousness to overcome the present situation. Syria emphasizes to everyone its anxiousness to cooperate so as to achieve that objective.

We must refer to the danger of massing foreign fleets in the Gulf. The continued presence of such fleets exacerbates the situation there and increases tension, constitutes one of the elements that impede efforts to end the war, and increases the possibility of its expansion. Among the important issues in the world that require a speedy solution is the world economic order, which is generating serious crises that mainly affect developing countries. There is a pressing need for a new economic order that ends the suffering of developing countries and allows them to achieve economic and social development in healthy conditions.

In conclusion I invite you, comrades and brothers, to stand and salute the friendship between the Syrian and Romanian peoples. My greetings and sincerest wishes of good health, happiness, and a long life to President Ceausescu.

Toasts Exchanged

AU31956 Bucharest AGERPRES in English 1935 GMT 30 Nov 87

[Text] Bucharest, AGERPRES, 30/11/1987—Nicolae Ceausescu, general secretary of the Romanian Communist Party, president of Romania, gave an official dinner on November 30 for Hafiz al-Asad, secretary-general of the Ba'th Arab Socialist Party of Syria, president of the Syrian Arab Republic.

The dinner was attended by members and alternate members of the Executive Political Committee of the CC of the RCP, secretaries of the party's Central Committee, members of the State Council and government, heads of central institutions, mass and public organizations.

The guests included the officials who accompany the Syrian head of state on his Romanian visit.

During the dinner, that proceeded in a warm, friendly atmosphere, President Nicolae Ceausescu and Hafiz al-Asad proposed toasts, that were followed with keen interest and punctuated with applause.

Ceausescu Receives SANA Head

AU301531 Bucharest AGERPRES in English 1351 GMT 30 Nov 87

[Text] Bucharest, AGERPRES, 30/11/1987—Monday, November 30, the president of the Socialist Republic of Romania, Nicolae Ceausescu, received Saber Falhut, director-general of the Syrian news agency—SANA, president of the Syrian Journalists' Association, now on a visit to Romania.

On the occasion, President Nicolae Ceausescu gave an interview for the Syrian press.

Leaders Celebrate Yugoslavia's National Day

Ceausescu Message to Krunic

AU301813 Bucharest SCINTEIA in Romanian 29 Nov 87 p 5

[Congratulatory message from Nicolae Ceausescu, RCP secretary general and president of the SR of Romania, to Bosko Krunic, president of the LCY Central Committee Presidium, "On the Great National Holiday of Socialist Yugoslovia."]

[Text] To Comrade Bosko Krunic, president of the LCY Central Committee Presidium, Belgrade,

Esteemed Comrade Krunic, the national day of the SFRY—the 42d anniversary of the proclamation of the Republic and the 44th anniversary of the session of the Antifascist and National Liberation Committee—gives me the pleasant opportunity, on behalf of the RCP Central Committee, the Communists, and the Romanian working people, to convey to you, the LCY Central Committee, the Communists, and the working people in Yugoslavia cordial greetings and wishes for success in socialist construction.

I believe that, working in the spirit of the understandings reached and the decisions adopted during our recent meeting, the relations of close friendship and cooperation between our parties and countries will continue to strengthen, for the benefit of the Romanian and the Yugoslav peoples and in the interest of the cause of socialism, peace, and international cooperation.

Nicolae Ceausescu, RCP secretary general and president of the SR of Romania.

Other Leaders' Messages

AU301817 Bucharest SCINTEIA in Romanian 29 Nov 87 p 5

[Text] On the SFRY's National Day, Comrade Constantin Dascalescu, prime minister of the SR of Romania, sent Comrade Branko Mikulic, president of the FEC of the SFRY, a message conveying cordial greetings and wishes for success in the country's socialist construction. The message also expresses the belief that, by implementing the understandings reached at summit level, the governments of the two countries will make a thorough contribution to the continuous development of Romanian-Yugoslav relations of friendship and cooperation, for the benefit of the two nations and in the interest of the cause of socialism and peace.

On the same occasion, Comrade Nicolae Giosan, chairman of the Grand National Assembly, sent message of greetings to Comrade Marjan Rozic, president of the SFRY Assembly, and Comrade Ioan Tutu, minister of foreign affairs. He also sent a message of greetings to Comrade Raif Dizdarevic, federal secretary for foreign affairs of the SFRY.

Greetings messages were also sent by party, mass, and civic organizations, and by central institutions in the SR of Romania to similar institutions in the SFRY.

Stoian Attends Reception

AU281339 Bucharest AGERPRES in English 2040 GMT 27 Nov 87

[Text] Bucharest, AGERPRES, 27/11/1987—On the national day of the SFR of Yugoslavia, that country's ambassador in Bucharest, Boro Denkov, gave a reception on Friday.

In the attendance were Ion Stoian, alternate member of the Executive Political Committee, secretary of the CC of the RCP, ministers, executives of ministries and central institutions, of mass and public organizations, scientists, men of letters and artists, generals and officers.

Also present were heads of diplomatic missions accredited in Bucharest and members of the diplomatic corps.

National Day of Albania Celebrated

Leaders' Cable

AU301751 Bucharest SCINTEIA in Romanian 28 Nov 87 p 5

[Cable from President Nicolae Ceausescu and Prime Minister Constantin Dascalescu to Ramiz Alia, chairman of the Presidium of the People's Assembly of Albania, and Adil Carcani, chairman of the Council of Ministers of Albania "On the 43d Anniversary of the Liberation of Albania and the Victory of the People's Revolution"]

[Text] To Ramiz Alia, chairman of the Presidium of the People's Assembly of the People's Socialist Republic of Albania, and Adil Carcani, chairman of the Council of Ministers of the People's Socialist Republic of Albania, Tirana:

On the 43d anniversary of the liberation of Albania and the victory of the people's revolution, we want to convey, on behalf of the Romanian people, the State Council, the Council of Ministers, and on our own behalf, warm congratulations to you and the Albanian people, as well as best wishes for happiness, prosperity, and fresh successes in your country's socialist development.

We want to express the conviction that the traditional relations of friendship between our countries will develop and diversify to a greater extent in the interest of the Romanian and Albanian people and of the cause of peace, security, and understanding in the Balkan and throughout Europe.

Nicolae Ceausescu, president of the Socialist Republic of Romania; Constantin Dascalescu, prime minister of the Government of the Socialist Republic of Romania.

SCINTEIA Editorial

AU301753 Bucharest SCINTEIA in Romanian 28 Nov 87 p 5

[Editorial entitled "The Albanian People's National Holiday"]

[Text] On 29 November, the Albanian people are celebrating the 43d anniversary of the country's liberation and the victory of the people's revolution, a memorable event that crowned the heroic struggle of the people's masses—with the communists in the forefront—against the occupation forces of fascist Italy and Hitlerite Germany, and marked a historic turning point in the country's destiny.

The victory of the people's revolution opened the road to profound socioeconomic changes and to building a better life for the working people. In the period since then, great changes were wrought under the AWP's leadership in all areas. Landlord and capitalist exploitation was eliminated, and comprehensive programs for socioeconomic development were implemented that led to the gradual elimination of the heavy legacy of the past and placed Albania on the road to progress.

Through steadfast efforts, the Albanian people moved to build a national industry designed to better use such natural riches as coal deposits, chromium, copper, and other iron ores, and the hydropower potential. On the whole, industrial capacity has increased some six times over in the past 20 years. Important changes have occurred in agriculture, where production has increased more than five times over in the years following the liberation.

All this has made it possible for Albania to move to the stage of a country with an agrarian-industrial economy. Through the implementation of the programs to further develop production, new industrial and agricultural targets have emerged, the national economy has developed in general, and thus the people's standard of living has improved.

The Albanian people are welcoming the holiday of their liberation and of the victory of the people's revolution, and the 75th anniversary—on 28 November—of the proclamation of independence with fresh successes in socialist construction.

The Romanian people are following with friendship the achievements of the Albanian people in socialist construction. The historic past proves that the Romanian and Albanian peoples maintained relations of friendship and cooperation that developed in the years of people's power on the basis of the observance of the principles of national independence and sovereignty, equality of rights, noninterference in domestic affairs and mutual advantage. Economic cooperation has developed. In past years, the volume of commodity exchanges increased considerably and the understandings in force aim at further expanding and diversifying economic cooperation.

The development of Romanian-Albanian cooperation is in the interest of the two peoples and of strengthening friendship between them, and it is to the benefit of the cause of peace, socialism, and international cooperation.

Envoy Hosts Reception

AU281343 Bucharest AGERPRES in English 2043 GMT 27 Nov 87

[Text] Bucharest, AGERPRES, 27/11/1987—Marking the 43rd anniversary of Albania's liberation and of the victorious People's Revolution, Zoi Toska, ambassador of the People's Socialist Republic of Albania to Bucharest, gave a reception on November 27.

Ministers, executives of ministries, of Bucharest Municipality People's Council, and other leading institutions, representatives of the cultural and scientific life in Romania attended.

Heads of diplomatic missions accredited to Romania and members of the diplomatic corps took part.

RCP's Gere Pays Official Visit to Uruguay

Received by CP Leader

AU252024 Bucharest AGERPRES in English 1945 GMT 25 Nov 87

[Text] Montevideo, AGERPRES, 25/11/1987—The secretary-general of the Communist Party of Uruguay, Rodney Arismendi, received Mihai Gere, alternate member of the Executive Political Committee of the CC of the RCP, now in Montevideo.

On the occasion, messages were exchanged between the general secretary of the RCP, Nicolae Ceausescu, and the secretary-general of the Communist Party of Uruguay.

Meets Socialist Party Leaders

AU271427 Bucharest AGERPRES in English 1253 GMT 26 Nov 87

[Text] Montevideo, AGERPRES, 27/11/1987—Mihai Gere, alternate member of the Executive Political Committee of the CC of the RCP, RCP representative at the 39th Congress of the Socialist Party of Uruguay, was received by the party leaders. On the occasion, a cordial salute and wishes of success in their future activity, in the implementation of the resolutions endorsed by the recent Congress of the Socialist Party of Uruguay, were conveyed to the new party leaders, from the general secretary of the Romanian Communist Party, Nicolae Ceausescu.

On behalf of the new party leadership of the Socialist Party of Uruguay, Jose Pedro Cardozo, acting president of the party, thanked and asked that Nicolae Ceausescu be conveyed warmest wishes of good health and new successes in the activity deployed for the prosperity of the Romanian people, for the building of a world of peace and cooperation.

State Council Communique on Local Elections

AU241358 Bucharest SCINTEIA in Romanian 17 Nov 87 p 1

["Communique by the State Council of the SR of Romania on the Results of the General Election of Deputies to People's Councils of Municipalities, the Districts of Bucharest Municipality, Ilfov Agricultural Sector, Towns, and Communes" dated 15 November]

[Text] On the basis of Article 94 of the Election Law, the State Council of the SR of Romania announces the following:

General elections of deputies for 55 municipal people's councils, six people's councils of the districts of Bucharest Municipality and the people's council of Ilfov agricultural sector, 181 town people's councils, and 2,705 communal people's councils took place on 15 November.

On the basis of data centralized by the election commissions of municipalities, the districts of Bucharest Municipality, Ilfov agricultural sector, towns, and communes, the results of the election of deputies are as follows:

People's Council	Number of Constituencies Proposed	Total Number of Candidates According to Election Lists	Number of Voters
Municipal people's councils	2,871	5,517	5,199,617
People's councils of the districts of Bucharest Municipality	410	819	1,585,215
People's Council of Ilfov agricultural sector	65	130	208,170
Town people's councils	4,545	9,060	2,040,771
Communal people's councils	49,693	101,823	7,900,172

People's Councils	Votes Cast		Votes for Candidates of the Socialist Democracy and Unity Front	
	Absolute Figures	Percent	Absolute Figures	Percent
Municipal people's councils	5,198,000	99.97	5,089,372	97.91
People's councils of the districts of Bucharest Municipality	1,585,085	99.99	1,573,364	99.26
People's council of Ilfov agricultural sector	208,150	99.99	206,912	99.41
Town people's councils	2,040,671	99.99	2,004,474	98.23
Communal people's council	7,899,935	99.99	7,766,623	98.31

	Votes Against		Void Votes	
	Absolute Figures	Percent	Absolute Figures	Percent
Municipal people's councils	108,628	2.09	—	—
People's Councils of the districts of Bucharest Municipality	11,721	0.74	—	—
People's Council of Ilfov agricultural sector	1,238	0.59	—	—
Town people's councils	36,197	1.77	—	—
Communal people's councils	133,312	1.69	—	—

In the 57,584 constituencies of municipal people's councils, of the districts of Bucharest Municipality, Ilfov agricultural sector, towns, and communes, the Socialist Democracy and Unity Front nominated 117,349 candidates, of which there were two candidates in 45,945 constituencies and three candidates in 6,910 constituencies. A total of 57,581 of deputies were elected, of whom 2,871 were deputies to municipal people's councils; 410 deputies to the people's councils of the districts of Bucharest Municipality; 65 deputies to the people's council of Ilfov agricultural sector; 4,545 deputies to the town people's councils; and 49,690 deputies to communal people's councils.

There are three vacant communal constituencies because none of the nominees had at least half plus one of the total of votes cast.

New elections will be held in the vacant constituencies in conformity with the provisions of Article 89 of the Election Law of the SR of Romania.